

Goodman Australia Finance Pty Limited
(ACN 127 959 951)
Announcement to Singapore Exchange



16 February 2023

JPY12,500,000,000 3.32% NOTES DUE APRIL 2023
EURO500,000,000 1.375% NOTES DUE SEPTEMBER 2025

Announcement of Goodman Group Results for the half year ended 31 December 2022

We attach the Goodman Group Results including the consolidated Goodman Limited Interim Financial Report for the Half Year Ended 31 December 2022, Appendix 4D statement under the ASX Listing Rules, an Australian Securities Exchange (ASX) release and Investor Presentation.

Yours sincerely,

For Goodman Australia Finance Pty Limited

Carl Bicego
Company Secretary

Goodman Group

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Goodman Funds Management Limited | ABN 48 067 796 641 | AFSL Number 223621
as responsible entity for Goodman Industrial Trust | ARSN 091213 839

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APPENDIX 4D
GOODMAN GROUP
(comprising Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the half year ended 31 Dec 2022

The Appendix 4D should be read in conjunction with the annual report of Goodman Group for the year ended 30 June 2022. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2022 comprises all the information required by ASX Listing Rule 4.2A.

Highlights of results				
	31 Dec 2022	31 Dec 2021	Change	
Operating profit (before specific non-cash and other significant items) attributable to Securityholders (\$M)	876.5	786.2	up	11.5%
Revenue (\$M)	1,019.0	1,034.0	down	(1.5%)
Other income ¹ (\$M)	874.4	1,973.9	down	(55.7%)
Profit (statutory) attributable to Securityholders (\$M)	1,097.0	2,002.8	down	(45.2%)
Diluted operating profit per security (cents)	46.4	41.9	up	10.7%
Diluted statutory profit per security (cents)	57.4	105.2	down	(45.5%)
Dividends and distributions				
Interim distribution proposed per GMG security (cents)	15.0	15.0	-	-
Interim distribution (\$M)	282.1	280.0	up	0.8%
Franked amount per security/share (cents)	-	-	-	-
Record date for determining entitlements to the distributions	31 Dec 2022	31 Dec 2021		
Date interim distribution is payable	24 Feb 2023	24 Feb 2022		
Distribution reinvestment plan				
Goodman Group's Distribution Reinvestment Plan (DRP) remains suspended.				
Total assets under management (\$B)	79.5	68.2	up	16.6%
External assets under management (\$B)	75.5	64.1	up	17.8%
Net tangible assets per security/share (cents)	887.1	769.3	up	15.3%
Gearing (%)	9.7	7.2	up	250 basis points

1. Other income includes net gains/losses from fair value adjustments on investment properties, net gains/losses on disposal of investment properties, net gains/losses on disposal of assets held for sale and the Group's share of net results of equity accounted investments (including fair value adjustments).

Controlled entities acquired or disposed

The following material controlled entities were disposed off during the half year:

Goodman Slough Industrial Trust
Goodman Lidcombe Industrial Trust
Goodman KWASA Financing Trust

Associates and joint venture entities

Goodman Group's associates are set out in note 5 to the interim financial statements.

Goodman Group's joint ventures and its percentage holding in these joint ventures are set out below:

BGMG 1 Oakdale East Trust No.2 (50%)
BGMG 1 Oakdale West Trust (50%)
BL Goodman Limited Partnership (50%)
Build Hold Trust (49.9%)
GEP Ilias Logistics (Spain), S.L. (50%)
GEP Nervion Logistics (Spain), S.L. (50%)
GEP Rungis Logistics (France) SCI (50%)
Goodman Australia Development Partnership (20%)
Goodman Bondi Logistics Netherlands (50%)
Goodman Brazil Logistics Partnership (15%)
Goodman China Logistics Partnership (20%)
Goodman China (Western) Limited (50%)
Goodman Helena Logistics (Spain), S.L. (50%)
Goodman Japan Development Partnership (50%)
Goodman Lazulite Logistics (Lux) Sàrl (50%)
Goodman Manzanares Logistics (Spain), S.L. (50%)
Goodman Metis Logistics (Lux) Sàrl (50%)
Goodman Mona Logistics (Netherlands) B.V (50%)
Goodman North America Partnership (55%)
Goodman Princeton Partnership (Jersey) Ltd (20%)
Goodman Tajo Logistics (Spain), S.L. (50%)
Goodman UK Partnership L.P (33.3%)
Goodman UK Partnership II L.P (33.3%)
Goodman UK Partnership III L.P (50.0%)
KWASA Goodman Germany (19.8%)
KWASA Goodman Industrial Partnership (40%)
KWASA-Goodman Industrial Partnership II (51%)
Loreto Investments, S.L. (50%)
Pochin Goodman (Northern Gateway) Ltd (50%)
Wyuna Regenerative AG Investment Fund (46.2%)

Goodman Limited and its controlled entities

Consolidated interim financial report for the half year ended 31 December 2022

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Directors' report

The directors (Directors) of Goodman Limited (ABN 69 000 123 071) (Company or GL) and Goodman Funds Management Limited (GFML), the responsible entity for Goodman Industrial Trust (ARSN 091 213 839) (Trust), present their Directors' report together with the consolidated interim financial statements of Goodman Limited and the entities it controlled (Goodman or Group) and the consolidated financial statements of Goodman Industrial Trust and the entities it controlled (GIT) at the end of, or during, the half year ended 31 December 2022 (half year) and the review report thereon.

Shares in the Company, units in the Trust and CHESS Depositary Interests (CDIs) over shares in Goodman Logistics (HK) Limited (GLHK) are stapled to one another and are quoted as a single security on the Australian Securities Exchange (ASX). In respect of stapling arrangements, Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised and accordingly GL is identified as having acquired control over the assets of GIT and GLHK. The consolidated financial statements of GL therefore include the results of GIT and GLHK.

As permitted by the relief provided in Australian Securities & Investments Commission (ASIC) Instrument 20-0568, the accompanying consolidated interim financial statements present both the interim financial statements and accompanying notes of Goodman and GIT. GLHK, which was incorporated and is domiciled in Hong Kong, prepares its financial statements under Hong Kong Financial Reporting Standards and the applicable requirements of the Hong Kong Companies Ordinance and accordingly the financial statements of GLHK have not been included as adjacent columns in the consolidated interim financial statements. The consolidated interim financial statements of GLHK have been included as an appendix to this consolidated interim financial report.

Preparation of the consolidated interim financial report of Goodman Industrial Trust

GFML, a controlled entity of Goodman Limited, as responsible entity for the Trust, is solely responsible for the preparation of the accompanying consolidated interim financial report of GIT, in accordance with the Trust's Constitution and the *Corporations Act 2001*.

Rounding

Goodman and GIT are entities of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this Directors' report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Directors

The Directors of the Company and GFML at any time during, or since the end of, the half year were:

Directors

Mr Stephen Johns (Independent Chairman)
 Mr Gregory Goodman (Group Chief Executive Officer)
 Mr Christopher Green (Independent Director)
 Mr Mark Johnson (Independent Director)
 Ms Vanessa Liu (Independent Director)
 Ms Rebecca McGrath (Independent Director)¹
 Mr Danny Peeters (Executive Director, Corporate)
 Mr Phillip Pryke (Independent Director)
 Mr Anthony Rozic (Deputy Group Chief Executive Officer and Chief Executive Officer, North America)
 Ms Hilary Spann (Independent Director)

1. Ms Rebecca McGrath has given notice of her intention to resign as a Director of the Company and GFML on 28 February 2023.

Company Secretary

The Company Secretary at any time during the half year and up to 16 February 2023 was Mr Carl Bicego.

Dividends and distributions

No dividends were declared by the Company during the half year (half year ended 31 December 2021: \$nil).

An interim distribution in respect of the half year of 15.0 cents per security, amounting to \$282.1 million (half year ended 31 December 2021: \$280.0 million) was determined by GIT during the half year. This interim distribution will be paid on 24 February 2023.

No dividends were declared by GLHK during the half year (half year ended 31 December 2021: \$nil).

OPERATING AND FINANCIAL REVIEW

About Goodman

Goodman is a specialist global industrial property group. We own, develop and manage high-quality, sustainable properties that are close to consumers and provide essential infrastructure for the digital economy.

Goodman and its Partnerships have 435 properties located in key consumer markets in 14 countries across Asia Pacific, Europe and the Americas. With \$79.5 billion of assets under management (AUM), Goodman is the largest property group listed on the ASX and invests significantly alongside our capital partners in our Partnerships.

Our integrated business model



Our Own Develop Manage model focuses the business on its customers' current and future needs.

We own and maintain high-quality properties close to consumers, develop sustainable properties, and manage our global investment portfolio to a high standard. Goodman works alongside our capital partners, which include sovereign wealth, pension and large multi-manager funds. In each market, our dedicated local teams take care of all aspects of property asset and investment management, ensuring a high level of customer service.

Our strategy

Our strategy is to maximise returns by providing essential, sustainable infrastructure for the digital economy.

- + Globally, the logistics and warehousing sectors are now considered essential infrastructure for digital economies, and key to the efficient distribution of products to consumers.
- + As industrial property specialists, Goodman's long-term strategy is built on supporting our customers to deliver in the most sustainable and efficient way possible.
- + We focus on key markets and concentrate our portfolios where the most value can be created for customers and investors.

Directors' report

Operating and financial review

In the operating and financial review, HY23 has been used to refer to the half year ended 31 December 2022 and HY22 has been used to refer to the half year ended 31 December 2021.

\$1,097.0M		STATUTORY PROFIT ATTRIBUTABLE TO SECURITYHOLDERS \$2,002.8 million in HY22 Decrease of 45.2% 58.5c Statutory profit per security (HY22: 107.7c)
\$876.5M		OPERATING PROFIT \$786.2 million in HY22 Increase of 11.5%
46.4¢		OPERATING PROFIT PER SECURITY (OPERATING EPS)¹ 41.9c in HY22 Increase of 10.7%
15¢		DIVIDENDS/DISTRIBUTIONS PER SECURITY 15c in HY22 Stable, in line with financial risk management objective to sustainably fund future investments 1,876.0 million weighted average number of securities on issue
\$8.87		NET TANGIBLE ASSETS PER SECURITY \$8.37 at 30 June 2022 Increase of 6.0% 1,880.5 million securities on issue
\$79.5B		TOTAL ASSETS UNDER MANAGEMENT \$73.0 billion at 30 June 2022 Increase of 8.9%
\$13.9B		DEVELOPMENT WORK IN PROGRESS² \$13.6 billion at 30 June 2022 Increase of 2.2%
9.7%		GEARING³ 8.5% at 30 June 2022
\$2.8B		LIQUIDITY \$2.8 billion at 30 June 2022
49.7 times		INTEREST COVER⁴ 147.8 times in HY22 5.8 years weighted average debt maturity (at 30 June 2022: 6.2 years)

1. Operating profit per security (operating EPS) is the operating profit divided by the weighted average number of securities on issue during HY23, including securities relating to performance rights that have not yet vested but where the performance hurdles have been achieved. Operating profit comprises profit attributable to Securityholders adjusted for net property valuations gains, non-property impairment losses, net gains/losses from the fair value movements on derivative financial instruments and unrealised fair value and foreign exchange movements on interest bearing liabilities and other non-cash adjustments or non-recurring items e.g. the share based payments expense associated with Goodman's Long Term Incentive Plan (LTIP).
As it is closely aligned with operating cash generation, the Directors consider that Goodman's operating profit is a key measure by which to examine the underlying performance of the business, notwithstanding that operating profit is not an income measure under International Financial Reporting Standards (IFRS).

2. Development work in progress (WIP) is the end value of active developments across Goodman and its investments in associates and joint ventures (JVs) (collectively referred to as Partnerships).

3. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$112.6 million (30 June 2022: \$133.3 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$59.7 million (30 June 2022: \$79.6 million).

4. Interest cover is operating profit before net finance expense (operating) and income tax (operating) divided by net finance expense (operating). The calculation is in accordance with the financial covenants associated with the Group's unsecured bank loans and includes certain adjustments to the numerator and denominator.

Overview

Goodman has delivered a strong operational result in HY23, despite the volatile economic environment, with the long-term structural drivers of demand for well-located industrial real estate remaining intact. In particular, our customers' need for well-located sustainable properties to improve their own productivity is underpinning high occupancy (99%) and continued positive rental growth (like-for-like growth of 4.2% in our Partnerships compared to the corresponding prior half year), which is supporting robust levels of development activity (WIP of \$13.9 billion).

Overall, the Group's operating profit for HY23 was \$876.5 million (HY22: \$786.2 million), an 11.5% increase on HY22, which equated to an operating EPS of 46.4 cents (HY22: 41.9 cents), up 10.7% on HY22. The proportional contributions from investment, management and development activities are similar to the prior half year at 23.1%, 23.5% and 53.4% respectively.

The impacts of higher inflation and increased interest rates are being reflected in the investment property valuations, with the weighted average capitalisation rate across our portfolio increasing to 4.2% at 31 December 2022 from 4.0% at 30 June 2022. Notwithstanding this, the Group and Partnerships (on a 100% basis) have reported net positive property valuations for the half year of \$1.4 billion (HY22: \$6.0 billion), of which the Group's share was \$439.9 million (HY22: \$1,542.3 million), as the impact of higher capitalisation rates has been more than offset by rental growth. This property valuation increase and the continued investment in the Partnerships alongside our capital partners, primarily to fund the ongoing levels of development activity, has resulted in total AUM increasing from \$73.0 billion to \$79.5 billion over the half year.

Statutory profit for HY23 was \$1,097.0 million (HY22: \$2,002.8 million). This included the Group's share of the property valuation gains, the expense associated with the LTIP of \$122.9 million (HY22: \$201.8 million) and a net fair value loss on derivatives of \$101.4 million (HY22: \$119.5 million).

Given the market conditions, the mix of earnings and the capital needs associated with the development activity, the Group has maintained a strong balance sheet. At 31 December 2022, gearing was 9.7% (30 June 2022: 8.5%) and liquidity (cash and undrawn finance facilities) was \$2.8 billion (30 June 2022: \$2.8 billion), which will allow the Group to adapt to the changing market conditions and take advantage of potential growth opportunities.

In keeping with the Group's financial risk management objective to remain within a gearing range of 0% to 25% (with a preference for the lower end of that range) and in order to facilitate the funding of future growth in a sustainable manner, the interim distribution has been maintained at 15.0 cents per security and will be paid on 24 February 2023.

Analysis of performance

Goodman's key operating regions are Australia and New Zealand (reported on a combined basis), Asia (Greater China (including the Hong Kong SAR) and Japan), Continental Europe (with the vast majority of assets located in Germany and France), the United Kingdom and the Americas (principally North America and including Brazil).

The operational performance can be analysed into property investment earnings, management earnings and development earnings, and the Directors consider this presentation of the consolidated results facilitates a better understanding of the underlying performance of Goodman given the differing nature of and risks associated with each earnings stream.

Property investment earnings consist of gross property income (excluding straight lining of rental income), less property expenses, plus Goodman's share of the operating results of Partnerships that is allocable to property investment activities which excludes the Group's share of property revaluations and derivative mark to market movements. The key drivers for maintaining or growing Goodman's property investment earnings are increasing the level of AUM (subject also to Goodman's direct and indirect interest), maintaining or increasing occupancy and rental levels within the portfolio, and controlling operating and financing costs within Partnerships.

Management earnings relate to the revenue from managing both the property portfolios and the capital invested in Partnerships (management income). This includes performance related revenues but excludes earnings from managing development activities in Partnerships, which are included in development earnings. The key drivers for maintaining or growing management earnings are activity levels, asset performance, and increasing the level of AUM, which can be impacted by property valuations and asset disposals and is also dependent on liquidity including the continued availability of third party capital to fund both development activity and acquisitions across the Partnerships.

Directors' report

Operating and financial review

Development earnings consist of development income, plus Goodman's share of the operating results of Partnerships that is allocable to development activities, plus net gains or losses from disposals of investment properties and equity investments that are allocable to development activities (which under certain circumstances includes prior year valuation gains that have been realised during the current reporting period – refer page 8 and note 3 to the consolidated interim financial statements), plus interest income on loans to development JVs, less development expenses. Development income includes development management fees and also performance related revenues associated with managing individual development projects in Partnerships. The key drivers for Goodman's development earnings are the level of development activity, land and construction prices, property valuations and the continued availability of third party capital to fund development activity.

The analysis of Goodman's performance and the reconciliation of the operating profit to profit attributable to Securityholders for HY23 are set out in the table below:

	Note	HY23 \$M	HY22 \$M	Change %
Analysis of operating profit				
Property investment earnings		260.1	234.0	11.2%
Management earnings		264.7	258.2	2.5%
Development earnings ¹		602.4	562.8	7.0%
Operating earnings		1,127.2	1,055.0	
Operating expenses		(179.6)	(196.1)	(8.4%)
		947.6	858.9	
Net finance expense (operating) ²		(1.0)	(20.7)	(95.2%)
Income tax expense (operating) ³		(70.1)	(52.0)	34.8%
Operating profit		876.5	786.2	11.5%
Adjustments for:				
Property valuation related movements				
– Net gain from fair value adjustments on investment properties	5(d)	56.2	93.6	
– Share of fair value adjustments attributable to investment properties in Partnerships after tax	5(e)	600.4	1,558.4	
– Deferred tax on fair value adjustments on investment properties		(31.1)	(109.7)	
– Realisation of prior years' property valuation gains, net of deferred tax ¹		(185.6)	-	
		439.9	1,542.3	
Fair value adjustments related to liability management				
– Fair value adjustments on derivative financial instruments	7	(99.7)	(119.9)	
– Share of fair value adjustments on derivative financial instruments in Partnerships	5(e)	(1.7)	0.4	
		(101.4)	(119.5)	
Other non-cash adjustments or non-recurring items				
– Share based payments expense		(122.9)	(201.8)	
– Straight lining of rental income and tax deferred adjustments		4.9	(4.4)	
		(118.0)	(206.2)	
Profit for the half year attributable to Securityholders		1,097.0	2,002.8	

1. In the half year analysis of the Group's performance, Goodman has categorised \$185.6 million of realised property valuation gains in development earnings. These gains, which occurred in prior periods, related to investment properties (both directly and indirectly held) that had been repositioned for development activities and subsequently sold. The amount of \$185.6 million represents the cumulative valuation gains since the most recent repositioning activities commenced with \$163.0 million relating to the disposal of directly held investment properties and \$22.6 million relating to the disposal of investment properties in the Partnerships. In the reconciliation of the operating profit to profit attributable to Securityholders, these gains have been notionally offset against the current year valuation gains so that they are not double counted. Refer to page 8.
2. Net finance expense (operating) excludes derivative mark to market movements, and in the prior half year interest income from related parties of \$6.2 million that has been reported under development earnings in the analysis above.
3. Income tax expense (operating) excludes the deferred tax movements relating to investment property valuations and other non-operating items.

Property investment

The Group's property investment earnings of \$260.1 million increased by 11.2% compared to HY22. Property investment earnings comprised 23.1% of total operating earnings for HY23 (HY22: 22.2%).

Direct net property income (NPI) decreased by \$3.0 million to \$49.6 million as a result of asset disposals in Australia and Continental Europe. There are other directly held investment properties that are earmarked for redevelopment and/or sale and therefore the trend of lower NPI is expected to continue in the short term.

The majority of the Group's investment income is generated from its investments in Partnerships. In HY23, the increase of \$29.1 million in the Group's share of investment earnings from Partnerships to \$210.5 million is a result of the stabilisation of developments and/or acquisition of new stabilised properties over the 18 months from 1 July 2021, a reflection of the continued net investment in the Partnerships, and increased rents that occur in accordance with contractual terms or the result of increases when leases have come up for renewal. The concentration of Goodman's portfolios in supply constrained markets close to consumers has been a key factor in the strong property investment result, with good rental growth being achieved and high occupancy levels being maintained.

- + Leased 3.7 million sqm across the Partnerships over the half year, equating to \$484.4 million of rent per annum
- + Partnership like-for-like NPI growth of 4.2%
- + Occupancy maintained at 99%
- + Weighted average lease expiries of 5.4 years, increased by 0.2 years since 30 June 2022.

Management

The management division contributed operating earnings of \$264.7 million, an increase of 2.5% compared to HY22. Management earnings comprised 23.5% of total operating earnings for the half year (HY22: 24.5%).

The Partnerships have continued to focus on organic growth through development, together with capital being allocated selectively into strategic investment opportunities. This has been the principal driver of the growth in external AUM during HY23, which increased from \$68.7 billion to \$75.5 billion.

External AUM

	HY23
	\$B
At the beginning of the half year	68.7
Acquisitions	2.9
Disposals	-
Capital expenditure (developments)	1.7
Valuations	1.3
Foreign currency translation	0.9
At the end of the half year	75.5

As a consequence of the higher average external AUM, both base management and property services fee income has increased compared to HY22. Performance and transaction related management income of \$42.1 million was \$31.5 million lower than the prior corresponding period (HY22: \$73.6 million) due to the timing of performance fee assessment dates. For the 2023 financial year, a greater proportion of performance related income is to be assessed in the second half of the financial year.

Development

Development earnings for HY23 were \$602.4 million, an increase of 7.0% compared to HY22. Development earnings comprised 53.4% of total operating earnings for the half year (HY22: 53.3%).

Our customers are looking for efficiency gains, sustainable and versatile properties that are close to consumers that optimise the housing of their investments in automation and technology. The scarcity of available space in our markets has continued to drive take-up and support rents. Construction costs have continued to increase but the rate of inflation has started to moderate.

These positive market dynamics are supporting the Group's development volumes and margins. At 31 December 2022, the end value of development WIP was \$13.9 billion, compared to \$13.6 billion at 30 June 2022, across 85 projects, with a forecast yield on cost of 6.4% (30 June 2022: 6.6%). The average duration of projects in WIP was stable at around 23 months (30 June 2022: 23 months), which equated to an annualised production rate of approximately \$7.0 billion of stabilised property.

Directors' report

Operating and financial review

We continue to mitigate risk through a globally diversified workbook and investment partnering, with 83% of the WIP either pre-sold or being built for third parties and our Partnerships and 81% of new starts being pre-leased. Of the \$3.6 billion of project commencements during HY23, 81% had pre-committed leases. However, the strength of the portfolio is illustrated by the fact that of the \$3.6 billion of development completions that occurred in HY23 (HY22: \$4.1 billion), 99% of the space (weighted by NPI) had been leased prior to completion. The balance of the changes in total WIP during the half year related to foreign currency translation and other specific project adjustments.

Operating expenses

Operating expenses continue to be well controlled as the Group focuses on its key markets and a slowing global economy. The decrease in HY23 compared to HY22 was due to an earlier than usual recognition of employee short-term incentives in operating expenses in HY22. Over the full year, operating expenses are projected to be more comparable with the prior year.

Net finance expense (operating)

Net finance expense (operating), which excluded derivative mark to market movements and unrealised foreign exchange movements, was lower than HY22 at \$1.0 million (HY22: \$20.7 million).

Despite an increase in external borrowings during the half year, the Group's interest expense from third party loans, overdrafts and derivatives decreased to \$15.1 million (HY22: \$21.4 million), principally due to the foreign currency translation benefit from the Group's currency hedging. In addition, the level of interest capitalised to directly held developments increased to \$12.0 million (HY22: 4.0 million). The effect of higher market interest rates has been dampened by the high portion of hedging and fixed rate debt held by the Group. In addition, the Group has benefited from higher interest income it receives on its cash deposits.

Income tax expense (operating)

The HY23 income tax expense (operating) was greater than HY22, a reflection of the growth, nature and location of the Group's development revenues. A significant proportion of Goodman's earnings related to GIT and its controlled entities, which are "flow through" entities under Australian tax legislation, meaning Securityholders (and not the Group) are taxed on their respective share of taxable income.

Summary of items that reconcile operating profit to statutory profit

Property valuation related movements

As previously discussed, the higher inflation and interest rates around the world have resulted in an expansion in capitalisation rates, with the weighted average capitalisation rate for Goodman's stabilised property portfolios (both directly held and Partnerships) at 4.2% (30 June 2022: 4.0%). However, the Group has continued to report overall property valuation gains during the half year.

The net gain from fair value adjustments on investment properties directly held by Goodman was \$56.2 million (HY22: \$93.6 million). The uplift in value was primarily due to the growth in market rents in Australia that has more than offset the impacts of higher capitalisation rates.

Goodman's share of net gains from fair value adjustments attributable to investment properties in Partnerships (net of tax) was \$600.4 million (HY22: \$1,558.4 million), with the positive impacts of development completions and strong rental growth in most regions more than offsetting the impact of capitalisation rate expansion. This valuation uplift comprised \$180.8 million from the stabilised portfolios, \$294.7 million from developments that stabilised during the half year and \$124.9 million from investment properties that were still under development at 31 December 2022.

Properties subject to conditional contracts for disposal

In periods before the 2021 financial year, properties that were undergoing repositioning activities were typically not revalued prior to completion due to the shorter development periods. More recently, given the larger size and scale of the Group's projects, it is now common for development periods to extend beyond 12 months, such that the properties are subject to more significant fair value adjustments at reporting dates. If the Group was to apply its historic operating profit policy, then these valuation movements would still be reflected in the Group's statutory profit (as a valuation movement) but would not form part of the Group's operating profit.

In the 2021 financial year, in order to better align performance measurement with the commercial outcomes from these repositioning activities, the Directors amended the Group's operating profit calculation so that in respect of a property contracted for disposal, any property valuation movements arising between the date of commencement of the repositioning activities and the date of disposal should be reported as part of development earnings, but only in the reporting period when the property has been derecognised. This will usually be upon settlement of the transaction, which reinforces the principle that the Group's operating profit is based on cash realisation.

Goodman Group

At 30 June 2022, the Group's share of cumulative unrealised valuation gains on properties that was subject to conditional contracts for disposal, incorporating all valuation gains since the most recent repositioning activities commenced were \$429.6 million. During HY23, \$185.6 million of these gains were realised on completion of the transactions and as a consequence this amount has been reported as part of the Group's operating profit for HY23. In the reconciliation of the operating profit to profit attributable to Securityholders, these gains have been notionally offset against the current year valuation gains so that they are not double counted.

At 31 December 2022, the cumulative unrealised gains carried forward to future periods, was \$251.7 million. These valuation gains have been reported as part of the Group's statutory results in the current and prior periods.

There were no impairment losses associated with the Group's inventories during the half year.

Fair value adjustments and unrealised foreign currency exchange movements related to liability management

The amount reported in the income statement associated with the Group's derivative financial instruments was a net loss of \$101.4 million (HY22: \$119.5 million net loss). This was primarily due to the weakening of the AUD against most of the Group's foreign currencies, partially offset by the benefit of higher interest rates on the valuations of the Group's interest rate derivatives.

Under the Group's policy, it continues to hedge between 65% and 90% of the net investment in its major overseas operations. Where Goodman invests in foreign assets, it will borrow in that foreign currency or enter into derivative financial instruments to create a similar liability. In so doing, Goodman reduces its economic exposures to those currencies. The unrealised fair value movement of the derivative financial instruments (up or down) is recorded in the income statement; however, the foreign currency translation of the net investment that is being hedged is recorded directly in reserves. In HY23, the movement in reserves attributable to foreign currency movements was a gain of \$172.0 million (HY22: \$133.0 million).

Other non-cash adjustments or non-recurring items

The principal other non-cash adjustments or non-recurring items for HY23 related to the share based payments expense of \$122.9 million (HY22: \$201.8 million) for Goodman's LTIP. The decrease primarily related to the lower Goodman Group security price of \$17.36 at 31 December 2022 relative to \$26.50 at 31 December 2021.

Capital management

Interest bearing liabilities

At 31 December 2022, the Group's available debt facilities and fixed rate bonds were \$5.0 billion, of which \$3.2 billion had been drawn. The weighted average maturity of these facilities was 5.8 years, noting that \$0.1 billion of the bonds are due to mature in the six months ending 30 June 2023. The Group's cash and undrawn bank facilities totalled \$2.8 billion (30 June 2022: \$2.8 billion).

At 31 December 2022, gearing was 9.7% (30 June 2022: 8.5%), which is in the lower half of our policy range of 0% to 25% and interest cover was 49.7 times (HY22: 147.8 times). The Group continues to have significant headroom relative to our financing covenants and our strong investment grade credit ratings were unchanged over the half year.

Despite the more volatile capital market conditions, during the half year, the Group and its Partnerships were able to refinance \$4.5 billion of bank debt and secure third party equity commitments for the Partnerships of \$0.6 billion. These funding sources will provide liquidity for ongoing acquisition and development opportunities. At 31 December 2022, the Partnerships had \$18.1 billion (30 June 2022: \$18.1 billion) in available cash, undrawn bank facilities and equity commitments, noting that the majority of the equity commitments remain subject to the approval by the relevant capital partners, including Goodman, of proposed property investments for which the funding is required.

Dividends and distributions

The Group's interim distribution has been maintained at 15 cents per security, a pay-out ratio of 32%, and will be paid on 24 February 2023. The distribution will be paid by Goodman Industrial Trust, with no dividends declared by Goodman Limited and GLHK during HY22.

This pay-out ratio is consistent with previous market guidance and will assist the Group in maintaining gearing within our desired range, whilst also retaining sufficient funds for ongoing development activity and potential investment opportunities that may arise in a more volatile global market. The distribution reinvestment plan was not in operation during the year.

Directors' report

Operating and financial review

Statement of financial position

	31 Dec 2022	30 Jun 2022
	\$M	\$M
Stabilised properties	2,074.6	2,387.1
Cornerstone investments in Partnerships	13,772.0	11,903.9
Development holdings	4,674.0	4,455.2
Intangible assets	819.0	795.4
Cash and cash equivalents	981.6	1,056.0
Other assets	884.1	834.8
Total assets	23,205.3	21,432.4
Interest bearing liabilities	3,173.9	2,832.2
Other liabilities	2,530.0	2,175.4
Total liabilities	5,703.9	5,007.6
Net assets	17,501.4	16,424.8

The value of directly owned stabilised properties decreased by \$312.5 million to \$2,074.6 million, primarily due to disposals in Australia and Continental Europe, partly offset by development completions, acquisitions and valuation gains.

The value of Goodman's cornerstone investments in Partnerships, which excludes the Group's share of their development assets, increased by \$1,868.1 million to \$13,772.0 million. This movements during the half year included the Group's net investments in the Partnerships of \$762.5 million, transfers from development holdings of \$461.3 million, valuation uplifts of \$475.5 million (including \$294.7 million from the stabilisation of developments in the period), and the favourable impact of foreign currency translation of \$124.9 million.

Goodman's development holdings include directly held properties (primarily inventories) of \$1,927.5 million (30 June 2022: \$1,976.4 million) and the Group's share of development assets in the Partnerships of \$2,746.5 million (2022: \$2,478.8 million). On a combined basis, the development holdings increased during the half year by \$218.8 million to \$4,674.0 million (30 June 2022: \$4,455.2 million) with the ongoing investment and the valuation uplifts being greater than the transfers out on stabilisation and disposals to third parties. Overall activity levels have been maintained with the Group's development WIP (as measured by estimated end value) having increased from \$13.6 billion at 30 June 2022 to \$13.9 billion at 31 December 2022.

The decrease of \$48.9 million in the directly held development properties is due to the stabilisation of development properties of \$229.6 million and disposals of \$195.8 million, offset by ongoing acquisitions and development expenditure of \$356.0 million. The increase of \$267.7 million in the Group's share of development assets in the Partnerships was due to new investments of \$587.5 million and valuation uplifts of \$124.9 million (net of deferred tax), partly offset by transfers to stabilised assets at completion of \$461.3 million.

The principal intangible asset balance was associated with the Continental Europe cash generating unit. The movement during the half year related to changes in foreign currency exchange rates and there were no impairments or reversals of impairments.

The movement in the cash balance during the half year is explained in the cash flow section of this report. In respect of the interest bearing liabilities, Goodman has renegotiated a number of bank facilities to provide ongoing funds for the business. The foreign private placement of ¥12.5 billion is scheduled to mature in April 2023 and is disclosed as a current liability.

Other assets included receivables, right of use assets from the Group's operating leases (primarily office premises) and the fair values of certain derivative financial instruments, which hedge the Group's interest rate and foreign exchange rate risks. There were no material movements during HY23.

Other liabilities include trade and other payables, lease liabilities, the provision for distributions to Securityholders, fair values of certain derivative financial instruments and tax liabilities (including deferred tax). The increase in other liabilities is primarily due to mark to market movements on derivative financial instruments.

Cash flow

	HY23 \$M	HY22 \$M
Operating cash flows	515.6	279.1
Investing cash flows	(544.2)	(415.5)
Financing cash flows (excluding dividends and distributions)	219.8	222.0
Dividends and distributions paid	(280.2)	(277.1)
Net decrease in cash held	(89.0)	(191.5)
Cash and cash equivalents at the beginning of the half year	1,056.0	920.4
Effect of exchange rate fluctuations on cash held	14.6	(9.3)
Cash and cash equivalents at the end of the half year	981.6	719.6

Operating cash inflow was \$515.6 million, an increase of \$236.5 million compared to HY22 primarily due to lower net development expenditure reported in the operating section of the cash flow. The Group's development cash inflows and outflows in the operating cash flow were both lower than the amounts in HY22. Cash receipts from development activities were \$762.9 million (HY22: \$843.0 million), most of which related to inventory disposals and receipts of development performance fee income, both of which tend to occur at development completion. Development cash payments were \$261.2 million, much lower than HY22 of \$585.1 million, when there had been an increase in the Group's development holdings as development activity increased significantly.

The distributions from Partnerships in HY23 of \$196.5 million were similar to the prior corresponding period (HY22: \$193.4 million), but lower than the Group's share of operating earnings in the Partnerships primarily due to capital management initiatives in the Partnerships such as lower payout ratios and distribution reinvestment plans. Other cash receipts and payments, including income taxes paid, were broadly similar to HY22.

Investing cash outflow was \$544.2 million, an increase of \$128.7 million compared to HY22. During HY23, the principal investing cash outflows related to investments in the Group's Partnerships of \$1,064.8 million (HY22: \$822.2 million) and to acquisitions of directly held properties in Asia of \$106.9 million (HY22: \$360.9 million). The main inflows related to proceeds of \$630.5 million from the disposals of entities that owned two properties in Australia.

Financing cash outflow was \$60.4 million, an increase of \$5.3 million compared to HY22. This cash outflow from financing activities was due to:

- + the net outflow in HY23 of \$38.7 million compared to a net inflow of \$148.9 million in HY22 from related party loans provided by the Group to certain of its development JVs
- + net cash proceeds from external borrowings and derivatives of \$264.8 million (HY22: net outflow of \$2.0 million), which were used to fund the ongoing investment in Partnerships
- + payments of the Group's dividends and distributions.

In HY22, the Group issued new equity of \$109.8 million, to fund certain obligations under the LTIP that are reported as part of operating cash flows in the consolidated interim cash flow statement.

Directors' report

Outlook

The business is performing better than originally expected across the global activities. As a result, the Group expects to achieve full year Operating EPS growth of 13.5% compared to the original guidance of 11%. Forecast distribution for FY23 remains at 30.0 cents per security given the attractive opportunity to deploy retained earnings into investments and development inventory and is in keeping with the Group's Financial Risk Management policy objectives.

The Group sets targets annually and reviews forecasts regularly. Forecasts are subject to there being no material adverse change in the market conditions or the occurrence of other unforeseen events.

Further information as to other likely developments in the operations of Goodman and the expected results of those operations in future financial years has not been included in this Directors' report because disclosure of the information would be likely to result in unreasonable prejudice to Goodman.

Events subsequent to balance date

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of Goodman and GIT, the results of those operations, or the state of affairs of Goodman and GIT, in future financial years.

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 13 and forms part of the Directors' report for the half year.

The Directors' report is made in accordance with a resolution of the Directors.



Stephen Johns
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 16 February 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Goodman Limited and Goodman Funds Management
Limited, as Responsible Entity for Goodman Industrial Trust

I declare that, to the best of my knowledge and belief, in relation to the reviews of Goodman Limited (as the deemed parent presenting the stapled security arrangement of the Goodman Group) and Goodman Industrial Trust for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the reviews; and
- ii. no contraventions of any applicable code of professional conduct in relation to the reviews.

KPMG

Eileen Hoggett

Partner

Sydney

16 February 2023

Consolidated interim statements of financial position

as at 31 December 2022

	Note	Goodman		GIT	
		31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
		\$M	\$M	\$M	\$M
Current assets					
Cash and cash equivalents		981.6	1,056.0	615.1	473.6
Receivables	4	276.5	217.8	198.7	131.0
Contract assets		19.4	77.6	-	-
Inventories	5(b)	499.7	389.0	5.9	-
Other financial assets		5.3	1.6	5.4	1.6
Assets held for sale		-	608.2	-	608.2
Total current assets		1,782.5	2,350.2	825.1	1,214.4
Non-current assets					
Receivables	4	216.2	173.4	3,109.5	3,137.4
Inventories	5(b)	1,658.5	1,727.1	-	5.9
Investment properties	5(b)	1,594.1	1,423.7	558.2	495.3
Investments accounted for using the equity method	5(b)	16,525.6	14,379.6	13,145.0	11,356.1
Deferred tax assets		27.1	25.2	-	-
Other financial assets		520.1	496.4	368.4	373.1
Property, plant and equipment		62.2	61.4	-	-
Intangible assets	6	819.0	795.4	-	-
Total non-current assets		21,422.8	19,082.2	17,181.1	15,367.8
Total assets		23,205.3	21,432.4	18,006.2	16,582.2
Current liabilities					
Payables		635.0	606.5	191.2	72.7
Current tax payables		156.3	173.4	-	-
Interest bearing liabilities	8	139.9	133.3	139.9	133.3
Provisions		304.5	299.2	282.1	233.5
Lease liabilities		12.8	12.5	-	-
Other financial liabilities		87.2	71.2	40.3	25.9
Total current liabilities		1,335.7	1,296.1	653.5	465.4
Non-current liabilities					
Payables		289.3	111.0	862.9	723.8
Interest bearing liabilities	8	3,034.0	2,698.9	2,848.0	2,692.1
Deferred tax liabilities		422.0	380.3	338.1	267.9
Provisions		15.1	15.5	-	-
Lease liabilities		57.5	58.1	-	-
Other financial liabilities		550.3	447.7	391.9	325.3
Total non-current liabilities		4,368.2	3,711.5	4,440.9	4,009.1
Total liabilities		5,703.9	5,007.6	5,094.4	4,474.5
Net assets		17,501.4	16,424.8	12,911.8	12,107.7
Equity attributable to Securityholders					
Issued capital	11	8,205.9	8,206.1	8,312.9	8,154.5
Reserves		499.0	352.7	290.3	238.8
Retained earnings		8,796.5	7,866.0	4,308.6	3,714.4
Total equity attributable to Securityholders		17,501.4	16,424.8	12,911.8	12,107.7
Comprising:					
Total equity attributable to GL	12(a)	2,651.8	2,292.9		
Total equity attributable to other entities stapled to GL	12(b)	14,849.6	14,131.9		
Total equity attributable to Securityholders		17,501.4	16,424.8		

The consolidated interim statements of financial position are to be read in conjunction with the accompanying notes.

Consolidated interim income statements

for the half year ended 31 December 2022

	Note	Goodman		GIT	
		2022	2021	2022	2021
		\$M	\$M	\$M	\$M
Revenue					
Gross property income	1	66.3	69.3	17.2	26.6
Management income	1	222.8	219.6	-	-
Development income	1	729.9	745.1	4.3	-
Distributions from investments		-	-	19.4	-
		1,019.0	1,034.0	40.9	26.6
Property and development expenses					
Property expenses		(15.1)	(16.6)	(5.8)	(8.6)
Development expenses	1	(273.5)	(291.8)	-	-
		(288.6)	(308.4)	(5.8)	(8.6)
Other income					
Net gain from fair value adjustments on investment properties	5(d)	56.2	93.6	54.8	41.4
Net (loss)/gain on disposal of investment properties		(0.1)	74.4	-	69.9
Net gain on disposal of assets held for sale		-	12.5	-	-
Share of net results of equity accounted investments	5(e)	818.3	1,793.4	923.7	1,307.3
		874.4	1,973.9	978.5	1,418.6
Other expenses					
Employee expenses		(130.0)	(151.7)	-	-
Share based payments expense		(122.9)	(201.8)	-	-
Administrative and other expenses		(49.6)	(44.4)	(36.5)	(28.7)
		(302.5)	(397.9)	(36.5)	(28.7)
Profit before interest and tax		1,302.3	2,301.6	977.1	1,407.9
Net finance expense					
Finance income	7	7.9	6.8	59.4	62.7
Finance expense	7	(108.6)	(141.2)	(92.7)	(109.7)
Net finance expense		(100.7)	(134.4)	(33.3)	(47.0)
Profit before income tax		1,201.6	2,167.2	943.8	1,360.9
Income tax expense		(104.6)	(164.4)	(67.5)	(54.8)
Profit for the half year		1,097.0	2,002.8	876.3	1,306.1
Profit attributable to GL	12(a)	231.7	369.1		
Profit attributable to other entities stapled to GL	12(b)	865.3	1,633.7		
Profit for the half year attributable to Securityholders		1,097.0	2,002.8		
Basic profit per security (¢)	2	58.5	107.7		
Diluted profit per security (¢)	2	57.4	105.2		

The consolidated interim income statements are to be read in conjunction with the accompanying notes.

Consolidated interim statements of comprehensive income

for the half year ended 31 December 2022

	Note	Goodman		GIT	
		2022	2021	2022	2021
		\$M	\$M	\$M	\$M
Profit for the half year		1,097.0	2,002.8	876.3	1,306.1
Other comprehensive (loss)/income for the half year					
Items that will not be reclassified to profit or loss					
Effect of foreign currency translation		(0.3)	(0.5)	-	-
		(0.3)	(0.5)	-	-
Items that are or may be reclassified subsequently to profit or loss					
(Decrease)/increase due to revaluation of other financial assets		(0.3)	0.3	(15.3)	3.9
Cash flow hedges:					
– Change in value of financial instruments		4.0	3.7	4.0	3.7
Effect of foreign currency translation		172.3	133.5	87.0	67.4
		176.0	137.5	75.7	75.0
Other comprehensive income for the half year, net of income tax		175.7	137.0	75.7	75.0
Total comprehensive income for the half year		1,272.7	2,139.8	952.0	1,381.1
Total comprehensive income attributable to GL	12(a)	245.4	372.2		
Total comprehensive income attributable to other entities stapled to GL	12(b)	1,027.3	1,767.6		
Total comprehensive income for the half year attributable to Securityholders		1,272.7	2,139.8		

The consolidated interim statements of comprehensive income are to be read in conjunction with the accompanying notes.

Consolidated interim statements of changes in equity

for the half year ended 31 December 2022

		Attributable to Securityholders								
Goodman	Note	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings	Total
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2021		8,096.4	(6.7)	(4.4)	(90.7)	274.7	(38.1)	134.8	4,930.3	13,161.5
Total comprehensive income/(loss) for the half year										
Profit for the half year		-	-	-	-	-	-	-	2,002.8	2,002.8
Other comprehensive (loss)/income										
Effect of foreign currency translation		-	(0.1)	(0.1)	133.7	-	(0.5)	133.0	-	133.0
Cash flow hedges:										
- Change in value of financial instruments		-	-	3.7	-	-	-	3.7	-	3.7
Increase due to revaluation of other financial assets		-	0.3	-	-	-	-	0.3	-	0.3
Total comprehensive income/(loss) for the half year, net of income tax		-	0.2	3.6	133.7	-	(0.5)	137.0	2,002.8	2,139.8
Transfers		-	-	-	-	(81.8)	-	(81.8)	81.8	-
Contributions by and distributions to owners										
Dividends/distributions on stapled securities		10	-	-	-	-	-	-	(280.0)	(280.0)
Issue of stapled securities		11	109.8	-	-	-	-	-	-	109.8
Issue costs			(0.1)	-	-	-	-	-	-	(0.1)
Purchase of stapled securities			-	-	-	(28.1)	-	(28.1)	-	(28.1)
Equity settled share based payments transactions			-	-	-	89.3	-	89.3	-	89.3
Balance at 31 December 2021			8,206.1	(6.5)	(0.8)	43.0	254.1	(38.6)	251.2	6,734.9
Balance at 1 July 2022			8,206.1	(6.4)	11.1	53.4	325.5	(30.9)	352.7	7,866.0
Total comprehensive income/(loss) for the half year										
Profit for the half year			-	-	-	-	-	-	1,097.0	1,097.0
Other comprehensive (loss)/income										
Effect of foreign currency translation			-	(0.2)	0.2	172.3	-	(0.3)	172.0	-
Cash flow hedges:										
- Change in value of financial instruments			-	-	4.0	-	-	4.0	-	4.0
Decrease due to revaluation of other financial assets			-	(0.3)	-	-	-	(0.3)	-	(0.3)
Total comprehensive (loss)/income for the half year, net of income tax			-	(0.5)	4.2	172.3	-	(0.3)	175.7	1,097.0
Transfers			-	-	-	-	(115.6)	-	(115.6)	-
Contributions by and distributions to owners										
Dividends/distributions on stapled securities		10	-	-	-	-	-	-	(282.1)	(282.1)
Issue costs			(0.2)	-	-	-	-	-	-	(0.2)
Equity settled share based payments transactions			-	-	-	-	86.2	-	86.2	-
Balance at 31 December 2022			8,205.9	(6.9)	15.3	225.7	296.1	(31.2)	499.0	8,796.5
										17,501.4

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes. For an analysis of equity attributable to non-controlling interests, refer to note 12(b).

Consolidated interim statements of changes in equity

for the half year ended 31 December 2022

GIT	Note	Attributable to Unitholders							Total \$M
		Issued capital \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Employee compensation reserve \$M	Total reserves \$M	Retained earnings \$M	
Balance at 1 July 2021		7,849.0	4.6	(4.5)	(220.8)	187.0	(33.7)	2,160.6	9,975.9
Total comprehensive income/(loss) for the half year									
Profit for the half year		-	-	-	-	-	-	1,306.1	1,306.1
Other comprehensive (loss)/income									
Effect of foreign currency translation		-	(0.1)	(0.2)	67.7	-	67.4	-	67.4
Cash flow hedges:									
- Change in value of financial instruments		-	-	3.7	-	-	3.7	-	3.7
Increase due to revaluation of other financial assets		-	3.9	-	-	-	3.9	-	3.9
Total comprehensive income for the half year, net of income tax		-	3.8	3.5	67.7	-	75.0	1,306.1	1,381.1
Contributions by and distributions to owners									
Distributions on ordinary units	10	-	-	-	-	-	-	(280.2)	(280.2)
Issue of ordinary units	11	305.6	-	-	-	-	-	-	305.6
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions		-	-	-	-	(33.9)	(33.9)	-	(33.9)
Balance at 31 December 2021		8,154.5	8.4	(1.0)	(153.1)	153.1	7.4	3,186.5	11,348.4
Balance at 1 July 2022		8,154.5	9.4	11.1	1.5	216.8	238.8	3,714.4	12,107.7
Total comprehensive income/(loss) for the half year									
Profit for the half year		-	-	-	-	-	-	876.3	876.3
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	0.3	0.2	86.5	-	87.0	-	87.0
Cash flow hedges:									
- Change in value of financial instruments		-	-	4.0	-	-	4.0	-	4.0
Decrease due to revaluation of other financial assets		-	(15.3)	-	-	-	(15.3)	-	(15.3)
Total comprehensive (loss)/income for the half year, net of income tax		-	(15.0)	4.2	86.5	-	75.7	876.3	952.0
Contributions by and distributions to owners									
Distributions on ordinary units	10	-	-	-	-	-	-	(282.1)	(282.1)
Issue of ordinary units for the LTIP	11	158.5	-	-	-	-	-	-	158.5
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions		-	-	-	-	(24.2)	(24.2)	-	(24.2)
Balance at 31 December 2022		8,312.9	(5.6)	15.3	88.0	192.6	290.3	4,308.6	12,911.8

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated interim cash flow statements

for the half year ended 31 December 2022

	Goodman		GIT	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
Cash flows from operating activities				
Property income received	67.4	74.3	19.8	28.2
Cash receipts from development activities	762.9	843.0	-	-
Cash receipts from management and other activities	224.4	191.1	-	-
Property expenses paid	(11.7)	(17.9)	(3.0)	(4.3)
Payments for development activities	(261.2)	(585.1)	(0.3)	-
Other cash payments in the course of operations	(341.7)	(309.4)	(1.4)	(0.7)
Distributions received from equity investments, including Partnerships	196.5	193.4	158.0	116.0
Interest received	10.2	4.1	7.7	3.9
Finance costs paid	(25.1)	(29.6)	(41.3)	(19.9)
Net income taxes paid	(106.1)	(84.8)	(2.6)	(3.3)
Net cash provided by operating activities	515.6	279.1	136.9	119.9
Cash flows from investing activities				
Net proceeds from disposal of investment properties	(0.4)	678.4	(0.3)	346.0
Proceeds from disposal of controlled entities, net of cash disposed	630.5	-	630.5	-
Net proceeds from disposal of equity investments	-	4.3	-	22.6
Return of capital by Partnerships	-	89.8	-	20.8
Payments for investment properties	(106.9)	(360.9)	(7.7)	(7.8)
Payments for investments in Partnerships	(1,064.8)	(822.2)	(592.6)	(500.1)
Payments for plant and equipment	(2.6)	(4.9)	-	-
Net cash (used in)/provided by investing activities	(544.2)	(415.5)	29.9	(118.5)
Cash flows from financing activities				
Net proceeds from issue of stapled securities	(0.2)	109.7	(0.1)	71.1
Net cash flows (to)/from loans with related parties	(38.7)	148.9	109.1	(3.7)
Proceeds from borrowings and derivative financial instruments	721.1	569.4	550.0	569.4
Payments on borrowings and derivative financial instruments	(456.3)	(571.4)	(456.3)	(570.9)
Dividends and distributions paid	(280.2)	(277.1)	(233.5)	(166.3)
Payments of lease liabilities	(6.1)	(6.5)	-	-
Purchase of securities to fund LTIP obligations	-	(28.1)	-	-
Net cash used in financing activities	(60.4)	(55.1)	(30.8)	(100.4)
Net (decrease)/increase in cash held	(89.0)	(191.5)	136.0	(99.0)
Cash and cash equivalents at the beginning of the half year	1,056.0	920.4	473.6	379.8
Effect of exchange rate fluctuations on cash held	14.6	(9.3)	5.5	3.7
Cash and cash equivalents at the end of the half year	981.6	719.6	615.1	284.5

The consolidated interim cash flow statements are to be read in conjunction with the accompanying notes.

Notes to the consolidated interim financial statements

BASIS OF PREPARATION

Goodman Limited and Goodman Industrial Trust are for profit entities domiciled in Australia. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2022 comprise the results of Goodman Limited and the entities it controlled and the results of Goodman Industrial Trust and the entities it controlled.

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial statements are presented in Australian dollars and were authorised for issue by the Directors on 16 February 2023.

The interim financial statements do not include all of the information required for a full annual financial report and should be read in conjunction with the annual report of Goodman Group as at and for the year ended 30 June 2022.

There are no significant changes to the Group's interim results arising from the application of the new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 July 2022. The Group has not applied any Australian Accounting Standards available for early adoption in the preparation of these financial statements.

(b) Basis of preparation of the consolidated financial report

Shares in the Company, units in the Trust and CDIs over shares in GLHK are stapled to one another and are quoted as a single security on the ASX. Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company, the Trust and GLHK, the Company is identified as having acquired control over the assets of the Trust and GLHK. In the consolidated interim statement of financial position of the Group, equity attributable to the Trust and the CDIs over the shares of GLHK are presented as non-controlling interests.

As permitted by the relief provided in ASIC Instrument 20-0568, these financial statements present both the financial statements and accompanying notes of Goodman and GIT. GLHK, which was incorporated and is domiciled in Hong Kong, prepares its financial statements under Hong Kong Financial Reporting Standards and the applicable requirements of the Hong Kong Companies Ordinance and accordingly the financial statements of GLHK have not been included as adjacent columns in this report. The financial statements of GLHK have been included as an appendix to this report.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the preparation of the Group's annual report as at and for the year ended 30 June 2022.

Goodman and GIT are entities of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

(c) Critical accounting estimates used in the preparation of the financial statements

The preparation of consolidated financial statements requires estimates and assumptions concerning the application of accounting policies and the future to be made by Goodman. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year can be found in the following notes:

- + Note 5 – Property assets
- + Note 9 – Financial instruments.

The accounting impacts of revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Measurement of fair values

A number of Goodman's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, Goodman uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy and have been defined as follows:

- + Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- + Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- + Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- + Note 5 – Property assets
- + Note 9 – Financial instruments.

RESULTS FOR THE HALF YEAR

1 Profit before income tax

Profit before income tax has been arrived at after crediting/(charging) the following items:

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Gross property income				
Rental income	59.4	60.7	13.8	21.3
Recovery of property outgoings	6.9	8.6	3.4	5.3
Gross property income	66.3	69.3	17.2	26.6
Management activities				
Management services	222.5	184.5	-	-
Performance related income	0.3	35.1	-	-
Management income	222.8	219.6	-	-
Development activities				
Income from disposal of inventories	244.6	312.1	-	-
Income from fixed price development contracts	158.2	194.4	-	-
Other development income, including development management ¹	301.2	199.0	-	-
Net gain on disposal of assets held for sale ²	4.3	-	4.3	-
Net gain on disposal of special purpose development entities, including JVs	21.6	39.6	-	-
Development income	729.9	745.1	4.3	-
Inventory cost of sales	(155.3)	(148.5)	-	-
Other development expenses	(118.2)	(143.3)	-	-
Development expenses	(273.5)	(291.8)	-	-

1. Fee revenues from single contractual arrangements involving a combination of inextricable investment management and development management services and recognised over the life of the underlying development projects are classified as development income for statutory reporting purposes. During the half year, \$41.9 million (half year ended 31 December 2021: \$38.6 million) of such income was recognised.
2. In June 2022, the Group entered into a conditional contract to dispose of three controlled entities which owned two investment properties. As the conditions under the contracts had not been satisfied as at 30 June 2022, the directly held assets and liabilities to be disposed were presented as a disposal group held for sale. The disposal was completed in October 2022 and the Group recognised a profit of \$4.3 million.

Notes to the consolidated interim financial statements

Results for the half year

2 Profit per security/Company share

Basic profit per security of the Group is calculated by dividing the profit attributable to the Securityholders by the weighted average number of securities outstanding during the half year. Diluted profit per security is determined by adjusting the profit attributable to the Securityholders and weighted average number of securities outstanding for dilutive potential securities arising from vesting of performance rights issued under the LTIP.

Goodman

	2022	2021
	¢	¢
Profit per security		
Basic profit per security	58.5	107.7
Diluted profit per security	57.4	105.2

Profit after tax of \$1,097.0 million (half year ended 31 December 2021: \$2,002.8 million) was used in calculating basic and diluted profit per security.

The weighted average number of securities used in calculating basic and diluted profit per security is set out below:

	2022	2021
	Number of securities	
Weighted average number of securities used in calculating basic profit per security	1,876,000,237	1,860,452,058
Effect of performance rights on issue	36,033,456	42,561,990
Weighted average number of securities used in calculating diluted profit per security	1,912,033,693	1,903,014,048

Goodman Limited

Under Australian Accounting Standards, the issued units of GIT and the CDIs over the shares of GLHK are presented as non-controlling interests. As a consequence, the Directors are required to present a basic profit per share and a diluted profit per share based on GL's consolidated result after tax but excluding the results attributable to GIT and GLHK.

	2022	2021
	¢	¢
Profit per Goodman Limited share		
Basic profit per Goodman Limited share	12.4	19.8
Diluted profit per Goodman Limited share	12.1	19.4

The profit after tax used in calculating the basic and diluted profit per Goodman Limited share was \$231.7 million (half year ended 31 December 2021: \$369.1 million). The weighted average number of shares used in calculating the basic and diluted profit per Goodman Limited share was the same as the Goodman calculation (refer above).

3 Segment reporting

Operating segment information is reported on a geographic basis and Goodman has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Asia, Continental Europe, the United Kingdom and the Americas (North America and Brazil).

The activities and services undertaken by the operating segments include:

- + Property investment, through both direct ownership and cornerstone investments in Partnerships
- + Management activities, both investment and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for Partnerships.

Goodman Group

Information about reportable segments

Goodman	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement												
External revenues												
Gross property income	36.5	46.8	14.5	4.9	13.5	14.5	0.6	2.4	1.2	0.7	66.3	69.3
Management income	86.4	108.5	82.7	68.4	30.8	28.6	3.9	2.3	19.0	11.8	222.8	219.6
Development income	111.0	150.3	87.8	115.1	306.9	401.8	36.4	26.6	187.8	51.3	729.9	745.1
Total external revenues	233.9	305.6	185.0	188.4	351.2	444.9	40.9	31.3	208.0	63.8	1,019.0	1,034.0
Analysis of external revenues												
Revenue from contracts with customers												
Assets and services transferred at a point in time	92.8	65.4	19.9	17.1	160.9	291.5	33.1	13.0	-	-	306.7	387.0
Assets and services transferred over time	109.1	200.4	151.7	166.8	178.0	140.1	7.3	15.9	206.8	63.1	652.9	586.3
Other revenue												
Rental income (excludes outgoings recoveries)	32.0	39.8	13.4	4.5	12.3	13.3	0.5	2.4	1.2	0.7	59.4	60.7
Total external revenues	233.9	305.6	185.0	188.4	351.2	444.9	40.9	31.3	208.0	63.8	1,019.0	1,034.0
Reportable segment profit before tax	407.2	352.6	182.7	230.6	162.4	247.5	13.4	31.0	252.1	94.0	1,017.8	955.7
Share of net results of equity accounted investments	410.5	980.6	149.5	134.9	(108.1)	73.2	(140.3)	203.1	506.7	401.6	818.3	1,793.4
Material non-cash items not included in reportable segment profit before tax												
Net gain/(loss) from fair value adjustments on investment properties	56.7	93.6	(0.5)	-	-	-	-	-	-	-	56.2	93.6
Share of net gain/(loss) from fair value adjustments in equity accounted investments	325.5	904.5	114.8	53.0	(127.7)	48.8	(150.0)	198.8	436.1	353.7	598.7	1,558.8
	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position												
Reportable segment assets	8,947.6	8,106.2	4,558.7	4,162.0	2,614.0	2,779.7	994.1	1,024.9	4,628.6	4,030.8	21,743.0	20,103.6
Included in reportable segment assets are:												
Investment properties	1,154.4	1,086.9	439.7	336.8	-	-	-	-	-	-	1,594.1	1,423.7
Investments accounted for using the equity method	7,052.5	5,709.6	3,380.1	3,102.8	920.0	1,020.7	671.5	680.6	4,490.3	3,865.9	16,514.4	14,379.6
Non-current assets	8,632.7	7,195.8	4,322.8	3,888.8	2,283.7	2,483.6	936.4	966.6	4,501.3	3,876.3	20,676.9	18,411.1
Reportable segment liabilities	449.5	129.9	260.6	268.6	164.8	122.6	46.8	94.5	387.0	319.5	1,308.7	935.1

Notes to the consolidated interim financial statements

Results for the half year

3 Segment reporting

GIT	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement										
External revenues										
Gross property income	17.2	26.6	-	-	-	-	-	-	17.2	26.6
Distributions from investments	-	-	-	-	19.4	-	-	-	19.4	-
Other income	4.3	-	-	-	-	-	-	-	4.3	-
Total external revenues	21.5	26.6	-	-	19.4	-	-	-	40.9	26.6
Analysis of external revenues										
Revenue from contracts with customers										
Assets and services transferred at a point in time	4.3	-	-	-	-	-	-	-	4.3	-
Assets and services transferred over time	3.4	5.3	-	-	-	-	-	-	3.4	5.3
Other revenue										
Rental income (excludes outgoings recoveries)	13.8	21.3	-	-	-	-	-	-	13.8	21.3
Distributions from investments	-	-	-	-	19.4	-	-	-	19.4	-
Total external revenues	21.5	26.6	-	-	19.4	-	-	-	40.9	26.6
Reportable segment profit before tax	86.7	152.3	16.4	17.0	36.4	23.4	60.7	42.6	200.2	235.3
Share of net results of equity accounted investments	398.4	848.8	126.1	13.5	(89.1)	57.9	488.3	387.1	923.7	1,307.3
Material non-cash items not included in reportable segment profit before tax										
Net gain from fair value adjustments on investment properties	54.8	41.4	-	-	-	-	-	-	54.8	41.4
Share of net gain/(loss) from fair value adjustments in equity accounted investments	327.0	784.2	107.9	(3.5)	(104.3)	36.9	420.2	340.9	750.8	1,158.5
	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position										
Reportable segment assets	6,732.5	6,178.8	1,882.5	1,719.4	786.0	878.5	4,330.0	3,736.5	13,731.0	12,513.3
Included in reportable segment assets are:										
Investment properties	558.2	495.3	-	-	-	-	-	-	558.2	495.3
Investments accounted for using the equity method	6,156.0	5,054.0	1,882.5	1,719.4	778.4	856.4	4,328.1	3,726.3	13,145.0	11,356.1
Non-current assets	6,714.2	5,555.1	1,882.5	1,719.4	785.3	877.8	4,328.1	3,726.3	13,710.1	11,878.6
Reportable segment liabilities	359.7	45.2	-	-	-	-	338.3	269.5	698.0	314.7

Goodman Group

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

		Goodman		GIT	
		2022	2021	2022	2021
	Note	\$M	\$M	\$M	\$M
Revenues					
Total revenues for reportable segments		1,019.0	1,034.0	40.9	26.6
Consolidated revenues		1,019.0	1,034.0	40.9	26.6
Profit or loss					
Total profit before tax for reportable segments					
Property investment earnings		260.1	234.0	200.5	235.6
Management earnings		264.7	258.2	-	-
Development earnings ^{1,2}		602.4	562.8	-	-
Operating expenses allocated to reportable segments		(109.4)	(99.3)	(0.3)	(0.3)
Reportable segment profit before tax		1,017.8	955.7	200.2	235.3
Corporate expenses not allocated to reportable segments		(70.2)	(96.8)	(36.2)	(28.4)
		947.6	858.9	164.0	206.9
Valuation and other items not included in reportable segment profit before tax:					
– Net gain from fair value adjustments on investment properties	5(d)	56.2	93.6	54.8	41.4
– Share of fair value adjustments attributable to investment properties in Partnerships	5(e)	600.4	1,558.4	746.6	1,158.6
– Share of fair value adjustments on derivative financial instruments in Partnerships	5(e)	(1.7)	0.4	4.2	(0.1)
– Share based payments expense		(122.9)	(201.8)	-	-
– Straight lining of rental income and tax deferred adjustments		8.3	(1.7)	7.5	1.1
– Realisation of prior years' property valuation gains, net of deferred tax ¹		(185.6)	-	-	-
Profit before interest and tax		1,302.3	2,307.8	977.1	1,407.9
Net finance expense ²	7	(100.7)	(140.6)	(33.3)	(47.0)
Consolidated profit before income tax		1,201.6	2,167.2	943.8	1,360.9
		31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
		\$M	\$M	\$M	\$M
Assets					
Assets for reportable segments		21,743.0	20,103.6	13,731.0	12,513.3
Cash		709.9	649.4	601.3	450.6
Other unallocated amounts ³		752.4	679.4	3,673.9	3,618.3
Consolidated total assets		23,205.3	21,432.4	18,006.2	16,582.2
Liabilities					
Liabilities for reportable segments		1,308.7	935.1	698.0	314.7
Interest bearing liabilities		3,173.9	2,832.2	2,987.9	2,825.4
Provisions for dividends/distributions to Securityholders	10	282.1	280.0	282.1	233.5
Other unallocated amounts ³		939.2	960.3	1,126.4	1,100.9
Consolidated total liabilities		5,703.9	5,007.6	5,094.4	4,474.5

1. Realisation of prior years' property valuation gains, net of deferred tax is a non-IFRS measure and relates to the Group's share of realised valuation gains on repositioned properties (both directly and indirectly owned) that have transacted during the period. During HY23, \$185.6 million of these realised valuation gains have been included in development earnings and as at 31 December 2022, the Group's share of unrealised valuation gains since the repositioning activities commenced was \$251.7 million (30 June 2022: \$429.6 million). Refer to page 8 of the Directors report for further details.

2. In HY22, interest income of \$6.2 million from a loan to a development JV was reported under development earnings for the purpose of segment reporting.

3. Other unallocated amounts in Goodman and GIT included other financial assets and liabilities, deferred tax assets, tax payables and provisions which did not relate to the reportable segments. Additionally, other unallocated assets and liabilities in GIT included loans due from/to controlled entities of Goodman.

Notes to the consolidated interim financial statements

OPERATING ASSETS

4 Receivables

	Goodman		GIT	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	\$M	\$M	\$M	\$M
Current				
Trade receivables	5.0	7.8	-	0.1
Tax receivables	7.0	3.9	1.0	-
Other receivables	113.6	123.1	1.4	3.8
Amounts due from related parties	150.9	83.0	-	-
Loans to related parties	-	-	196.3	127.1
	276.5	217.8	198.7	131.0
Non-current				
Other receivables	7.6	5.9	-	-
Loans to related parties	208.6	167.5	3,109.5	3,137.4
	216.2	173.4	3,109.5	3,137.4

5 Property assets

(a) Types of property assets

Investment in property assets includes both inventories and investment properties (including those under development), which may be held either directly or through investments in Partnerships.

Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Group's business. Inventories are carried at the lower of cost or net realisable value. The calculation of net realisable value requires estimates and assumptions which are regularly evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

Inventories are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

Goodman Group

(b) Summary of Goodman's investment in property assets

	Note	Goodman		GIT	
		31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
		\$M	\$M	\$M	\$M
Inventories					
Land and development properties - current		499.7	389.0	5.9	-
Land and development properties - non-current		1,658.5	1,727.1	-	5.9
		2,158.2	2,116.1	5.9	5.9
Assets held for sale					
Investment properties		-	609.3	-	-
Investment properties					
Stabilised investment properties		1,451.6	1,286.6	415.6	358.3
Investment properties under development		142.5	137.1	142.6	137.0
	5(d)	1,594.1	1,423.7	558.2	495.3
Investments accounted for using the equity method					
Associates	5(e)(i)	8,493.7	7,850.7	7,407.4	6,814.4
JVs	5(e)(ii)	8,031.9	6,528.9	5,737.6	4,541.7
		16,525.6	14,379.6	13,145.0	11,356.1
Total property assets		20,277.9	18,528.7	13,709.1	11,857.3

(c) Estimates and assumptions in determining property carrying values

Inventories

For both inventories held directly and inventories held in Partnerships, external valuations are not performed but instead valuations are determined using the feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market. If the feasibility study calculations indicate that the forecast cost of a completed development will exceed the net realisable value, then the inventories are impaired.

Investment properties

Stabilised investment properties

The fair value of stabilised investment properties is based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. The current price is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of the asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Notes to the consolidated interim financial statements

Operating assets

5 Property assets

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Where a market segment is observed to be active, then external independent valuations are performed for stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The considerations include a greater than 10% movement in market rents, more than a 25 basis point movement in capitalisation rates, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure, a change in use (or zoning), a development has reached completion/stabilisation of the asset or it has been two years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed, and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

- + Current contractual lease terms
- + Current market rents
- + Projected growth in market rents
- + Expected and likely capital expenditures
- + Projected letting up incentives provided to customers and vacant time on expiry of leases
- + Discount rates – computed using the 10-year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

The investment markets for industrial, logistics and warehousing properties have slowed in the half year ended 31 December 2022, with some potential purchasers assessing how the changes in interest rates and inflation will impact pricing. Nevertheless, recent transactions have occurred and the Directors have been able to assess that all markets in which the Group operates are active and as a consequence, no adjustments have been made to the carrying values of the Group's stabilised investment property portfolios on the basis of internally prepared DCF valuations.

The overall weighted average capitalisation rates for the divisional portfolios (including Partnerships) are as set out in the table below:

Division	Total portfolio weighted average capitalisation rate			
	Goodman		GIT	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	%	%	%	%
Australia and New Zealand	4.2	3.9	4.0	3.8
Asia	4.3	4.3	3.8	3.8
Continental Europe	4.4	3.5	4.4	3.5
United Kingdom	4.9	3.7	-	-
Americas	4.2	4.1	4.2	4.1

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility assessments are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time that are consistent with those observed in the relevant market adjusted for a profit and risk factor. This profit and risk factor is dependent on the function, location, size and current status of the development and is generally in a market range of 10% to 15%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be up to 35%. This adjusted end value is then compared to the forecast cost of a completed development to determine whether there is an increase or decrease in value.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when the properties have been stabilised.

Goodman Group

The impacts on the Group's financial position that would arise from the changes in capitalisation rates, market rents and incentives/re-leasing time associated with lease expiries in the next 12 months are set out in the table below. This illustrates the impacts on Goodman in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Goodman		GIT	
	Valuation impact for the Group		Valuation impact for GIT	
	Directly held properties	Partnerships ¹	Directly held properties	Partnerships ¹
	\$M	\$M	\$M	\$M
Book value at 31 December 2022	1,451.6	17,653.7	415.6	14,074.5
Changes in capitalisation rates				
Increase in cap rates +50 bps	(148.1)	(1,875.7)	(44.9)	(1,530.6)
Increase in cap rates +25 bps	(78.0)	(990.7)	(23.7)	(809.4)
Decrease in cap rates -25 bps	87.5	1,116.9	26.8	914.8
Decrease in cap rates -50 bps	186.2	2,385.9	57.4	1,957.2
Changes in market rents				
Decrease in rents -10%	(60.1)	(758.2)	(19.2)	(611.2)
Decrease in rents -5%	(30.0)	(379.1)	(9.6)	(305.6)
Increase in rents +5%	30.0	379.1	9.6	305.6
Increase in rents +10%	60.1	758.2	19.2	611.2
Changes in incentives/re-leasing time²				
Increase in incentives/ re-leasing time +3 months	(6.6)	(38.3)	(1.8)	(29.0)
Increase in incentives/ re-leasing time +6 months	(13.3)	(76.7)	(3.5)	(57.9)

1. Goodman's share of stabilised investment properties held by Partnerships.

2. On assumed lease expiries over the next 12 months.

(d) Investment properties

Reconciliation of carrying amount of directly held investment properties

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Carrying amount at the beginning of the half year	1,423.7	1,851.2	495.3	1,155.7
Acquisitions	97.5	355.2	-	-
Capital expenditure	11.1	9.3	8.1	10.1
Carrying value of properties disposed	-	(550.8)	-	(276.8)
Transfers from inventories	-	2.4	-	-
Net gain from fair value adjustments	56.2	93.6	54.8	41.4
Effect of foreign currency translation	5.6	4.6	-	-
Carrying amount at the end of the half year	1,594.1	1,765.5	558.2	930.4
Analysed by segment:				
Australia and New Zealand	1,154.4	1,513.9	558.2	930.4
Asia	439.7	251.6	-	-
	1,594.1	1,765.5	558.2	930.4

Notes to the consolidated interim financial statements

Operating assets

5 Property assets

(e) Investments accounted for using the equity method

Investments accounted for using the equity method comprise associates and JVs, which are collectively referred to as Partnerships.

(i) Investments in associates

Investments in associates are set out below:

		Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
		2022	2021	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	2022	2021	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
Name of associate	Country of establishment	\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment													
Goodman Australia Industrial Partnership (GAIP)	Australia	236.5	431.9	28.6	28.6	3,427.3	3,008.3	236.5	431.9	28.6	28.6	3,427.3	3,008.3
Goodman Australia Partnership (GAP)	Australia	89.7	204.5	19.9	19.9	1,136.9	1,060.0	89.7	204.5	19.9	19.9	1,136.9	1,060.0
Goodman Property Trust (GMT) ¹	New Zealand	10.4	131.8	25.2	24.9	858.7	825.9	2.2	-	5.4	5.1	182.3	170.3
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	126.1	13.5	20.4	20.3	1,882.5	1,719.4	126.1	13.5	20.4	20.3	1,882.5	1,719.4
Goodman Japan Core Partnership (GJCP) ²	Japan	17.1	23.2	14.4	14.4	409.9	380.7	-	-	-	-	-	-
Goodman European Partnership (GEP)	Luxembourg	(89.1)	57.9	19.8	19.8	778.4	856.4	(89.1)	57.9	19.8	19.8	778.4	856.4
		390.7	862.8			8,493.7	7,850.7	365.4	707.8			7,407.4	6,814.4

1. GMT is listed on the New Zealand Stock Exchange. At 31 December 2022, the market value of Goodman's investment in GMT using the quoted price on the last day of trading was \$665.2 million (30 June 2022: \$651.7 million), which compared to the carrying value of \$858.7 million. Goodman does not consider its investment impaired as the carrying value is equal to its share of GMT's net assets and is supported by independent valuations of the individual investment properties in GMT.

GIT has a 5.4% ownership interest in GMT. Goodman has a combined ownership in GMT of 25.2%, which includes the unitholding held by GIT. As a result, the Directors have assessed that GIT has significant influence over GMT and has applied the equity method of accounting for its 5.4% interest.

2. Goodman's ownership interest in GJCP reflects the weighted average ownership interest in the various property investment vehicles at the end of the period.

Goodman Group

The reconciliation of the carrying amount of investments in associates is set out as follows:

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in associates				
Carrying amount at the beginning of the half year	7,850.7	6,302.6	6,814.4	5,292.9
Share of net results after tax (before fair value adjustments)	114.1	115.6	97.0	95.5
Share of fair value adjustments attributable to investment properties after tax	271.9	748.4	263.3	615.1
Share of fair value adjustments on derivative financial instruments	4.7	(1.2)	5.1	(2.8)
Share of net results	390.7	862.8	365.4	707.8
Share of movements in reserves	4.0	3.7	4.0	3.7
Acquisitions	247.5	267.1	247.5	164.3
Distributions received and receivable	(103.3)	(100.7)	(88.7)	(79.2)
Effect of foreign currency translation	104.1	36.9	64.8	34.5
Carrying amount at the end of the half year	8,493.7	7,372.4	7,407.4	6,124.0

Notes to the consolidated interim financial statements

Operating assets

5 Property assets

(ii) Investments in JVs

A summary of the results and ownership interest of the Group's principal JVs is set out below:

Name of JV	Country of establishment/ incorporation	Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
		2022	2021	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	2022	2021	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
		\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment and development													
Goodman China Logistics Partnership (GCLP)	Cayman Islands	7.0	52.2	20.0	20.0	927.3	918.0	-	-	-	-	-	-
Goodman UK Partnerships (GUKP) ¹	United Kingdom	(142.7)	203.2	34.7	35.3	664.8	676.3	-	-	-	-	-	-
Goodman North America Partnership (GNAP)	United States of America	503.8	397.7	55.0	55.0	4,467.1	3,846.0	485.4	383.2	53.0	53.0	4,304.9	3,706.4
Other JVs ²		59.5	277.5			1,972.7	1,088.6	72.9	216.3			1,432.7	835.3
		427.6	930.6			8,031.9	6,528.9	558.3	599.5			5,737.6	4,541.7

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III at the end of the period.

2. At 31 December 2022, other JVs included a development JV in Australia where GAIP and Goodman had entered an option deed for GAIP to acquire a 40% interest in the JV, subject to the satisfaction of certain conditions. Subsequent to 31 December 2022, the conditions have been met and the transaction has completed. The Group's investment carrying amount at 31 December 2022 was aligned with the disposal price under the option deed.

Goodman Group

The reconciliation of the carrying amount of investments in JVs is set out as follows:

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in JVs				
Carrying amount at the beginning of the half year	6,528.9	4,357.4	4,541.7	2,785.5
Share of net results after tax (before fair value adjustments)	105.5	119.0	75.9	53.3
Share of fair value adjustments attributable to investment properties after tax	328.5	810.0	483.3	543.5
Share of fair value adjustments on derivative financial instruments	(6.4)	1.6	(0.9)	2.7
Share of net results	427.6	930.6	558.3	599.5
Share of movements in reserves	1.6	2.1	-	-
Acquisitions	1,113.8	509.9	642.7	317.9
Disposals	(0.1)	(3.4)	-	-
Transfer on reclassification as a controlled entity	-	(15.6)	-	-
Capital return	-	(89.8)	-	(20.8)
Distributions/dividends received and receivable	(93.3)	(93.0)	(49.9)	(36.8)
Effect of foreign currency translation	53.4	123.3	44.8	75.2
Carrying amount at the end of the half year	8,031.9	5,721.5	5,737.6	3,720.5

(iii) Transactions with Partnerships

The transactions with Partnerships during the half year were as follows:

	Revenue from disposal of investment properties		Revenue from management and development activities		Interest charged on loans to associates and JVs	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Associates	-	400,825.4	449,988.8	545,167.7	-	-
JVs	-	278,528.9	309,699.5	232,963.4	1,802.7	6,346.7
GIT						
Associates	-	346,825.4	-	-	2.0	-
JVs	-	-	-	-	1,573.2	6,166.6

In addition to the transactions included in the table above, Goodman incurred \$1.8 million on the leasing of office premises from Partnerships.

Notes to the consolidated interim financial statements

Operating assets

6 Intangible assets

	31 Dec 2022	30 Jun 2022
	\$M	\$M
Goodwill	707.7	685.6
Management rights	111.3	109.8
	819.0	795.4
Analysed:		
Continental Europe	631.6	609.7
United Kingdom	87.3	86.6
Other	100.1	99.1
	819.0	795.4

The values in use of the intangible assets were calculated as at 30 June 2022 and the results for the significant balances are disclosed in the 2022 annual report of Goodman Group.

At 31 December 2022, management assessed that there have been changes in economic conditions in some regions that would increase the discount rates and increase the growth rates (inflation) applied to the cash flows. However, there have been no material changes to the projected cash flows and given the significant headroom between the calculated value in use and the book value of the Group's intangible assets, there were no indicators of impairments at 31 December 2022.

CAPITAL MANAGEMENT

7 Net finance expense

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Finance income				
Interest income from:				
– Related parties	1.8	6.3	47.3	41.7
– Other parties	6.1	0.5	3.6	-
Foreign exchange gains	-	-	8.5	21.0
	7.9	6.8	59.4	62.7
Finance expense				
Interest expense from third party loans, overdrafts and derivatives	(15.1)	(21.4)	(17.7)	(14.6)
Interest expense from related party loans	-	-	(8.7)	(4.5)
Other borrowing costs	(5.8)	(3.8)	(3.7)	(1.8)
Fair value adjustments on derivative financial instruments	(99.7)	(119.9)	(63.7)	(88.8)
Foreign exchange losses	-	(0.1)	-	-
Capitalised borrowing costs	12.0	4.0	1.1	-
	(108.6)	(141.2)	(92.7)	(109.7)
Net finance expense	(100.7)	(134.4)	(33.3)	(47.0)

8 Interest bearing liabilities

		Goodman		GIT	
		31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
Carrying amount of drawn debt	Note	\$M	\$M	\$M	\$M
Current					
Unsecured:					
– Foreign private placement	8(e)	139.9	133.3	139.9	133.3
		139.9	133.3	139.9	133.3
Non-current					
Secured:					
– Bank loans	8(b)	14.1	9.0	-	-
Unsecured:					
– Bank loans	8(b)	273.8	-	100.0	-
– USD denominated notes	8(c)	1,981.5	1,953.1	1,981.5	1,953.1
– EUR denominated notes	8(d)	785.4	758.3	785.4	758.3
Borrowing costs		(20.8)	(21.5)	(18.9)	(19.3)
		3,034.0	2,698.9	2,848.0	2,692.1

(a) Finance facilities

	Goodman		GIT	
	Facilities available ¹	Facilities utilised	Facilities available ¹	Facilities utilised
	\$M	\$M	\$M	\$M
31 December 2022				
Secured:				
- Bank loans	81.4	14.1	-	-
Unsecured:				
– Bank loans	1,985.8	273.8	1,225.0	100.0
– USD denominated notes	1,981.5	1,981.5	1,981.5	1,981.5
– EUR denominated notes	785.4	785.4	785.4	785.4
– Foreign private placement	139.9	139.9	139.9	139.9
– Bank guarantees ¹	-	8.5	-	8.5
	4,974.0	3,203.2	4,131.8	3,015.3
30 June 2022				
Secured:				
- Bank loans	288.2	9.0	260.0	-
Unsecured:				
– Bank loans	1,455.4	-	1,050.2	-
– USD denominated notes	1,953.1	1,953.1	1,953.1	1,953.1
– EUR denominated notes	758.3	758.3	758.3	758.3
– Foreign private placement	133.3	133.3	133.3	133.3
– Bank guarantees ¹	-	7.3	-	7.3
	4,588.3	2,861.0	4,154.9	2,852.0

1. Bank guarantees are drawn from facilities available under bank loans.

Further details regarding the facilities, amounts drawn, coupons and maturity dates are set out below.

Notes to the consolidated interim financial statements

Capital management

8 Interest bearing liabilities

(b) Bank loans

Secured

At 31 December 2022, Godman and GIT had the following secured bank facilities:

	Goodman		GIT		
	Facility maturity date	Facility limit	Amounts drawn	Facility limit	Amounts drawn
		\$M	\$M	\$M	\$M
	5 January 2033	53.6	-	-	-
	18 March 2034	27.8	14.1	-	-
Total at 31 December 2022		81.4	14.1	-	-
Total at 30 June 2022		288.2	9.0	260.0	-

Unsecured

At 31 December 2022, Godman and GIT had the following unsecured bank facilities:

	Goodman		GIT		
		Facility limit	Amounts drawn	Facility limit	Amounts drawn
	Facility maturity date	\$M	\$M	\$M	\$M
	31 December 2024	100.0	-	100.0	-
	31 March 2025	70.0	-	70.0	-
	31 March 2025	30.0	-	30.0	-
	1 July 2026	100.0	-	100.0	-
	31 July 2026	146.8	-	146.8	-
	30 September 2026	55.0	-	55.0	-
	30 September 2026	37.5	-	37.5	-
	30 September 2026	302.1	112.9	-	-
	30 September 2026	89.5	60.9	-	-
	30 September 2026	89.5	-	-	-
	30 September 2026	167.8	-	-	-
	30 September 2026	111.9	-	-	-
	21 October 2026	150.0	-	150.0	-
	22 October 2026	150.0	100.0	150.0	100.0
	31 December 2026	117.9	-	117.9	-
	30 June 2027	70.0	-	70.0	-
	30 June 2027	30.0	-	30.0	-
	31 December 2029	167.8	-	167.8	-
Total at 31 December 2022		1,985.8	273.8	1,225.0	100.0
Total at 30 June 2022		1,455.4	-	1,050.2	-

(c) USD denominated notes

At 31 December 2022, Goodman and GIT had notes on issue in the United States 144A/Reg S bond market as follows:

Maturity date	Carrying amount		Coupon (fixed) per annum
	A\$M	US\$M	
15 March 2028	770.6	525.0	3.70%
4 May 2032	733.9	500.0	4.63%
15 October 2037	477.0	325.0	4.50%
Total at 31 December 2022	1,981.5	1,350.0	
Total at 30 June 2022	1,953.1	1,350.0	

(d) EUR denominated notes

At 31 December 2022, Goodman and GIT had A\$785.4 million (30 June 2022: A\$758.3 million) (€500.0 million) Reg S EUR denominated senior notes on issue. The notes have a fixed coupon of 1.375% per annum and mature on 27 September 2025.

(e) Foreign private placement

At 31 December 2022, Goodman and GIT had A\$139.9 million (30 June 2022: A\$133.3 million) (¥12.5 billion) in a foreign private placement denominated in Japanese yen. The facility has a fixed coupon of 3.32% per annum payable semi-annually and expires on 3 April 2023.

Notes to the consolidated interim financial statements

Capital management

9 Financial instruments

Fair values of financial instruments

The carrying amounts shown in the consolidated interim statements of financial position and fair values of financial assets and liabilities are as follows:

	Goodman				GIT			
	Carrying amount 31 Dec 2022 \$M	Fair value 31 Dec 2022 \$M	Carrying amount 30 Jun 2022 \$M	Fair value 30 Jun 2022 \$M	Carrying amount 31 Dec 2022 \$M	Fair value 31 Dec 2022 \$M	Carrying amount 30 Jun 2022 \$M	Fair value 30 Jun 2022 \$M
Financial assets								
Cash and cash equivalents	981.6	981.6	1,056.0	1,056.0	615.1	615.1	473.6	473.6
Receivables	492.7	492.7	391.2	391.2	3,308.2	3,308.2	3,268.4	3,268.4
Other financial assets:								
– Interest rate derivatives (IRD)	310.0	310.0	210.5	210.5	201.4	201.4	129.1	129.1
– Cross currency interest rate swaps (CCIRS) ¹	199.9	199.9	271.6	271.6	128.7	128.7	194.8	194.8
– Foreign exchange contracts (FEC)	-	-	2.3	2.3	25.5	25.5	19.0	19.0
– Investments in unlisted securities	15.5	15.5	13.6	13.6	18.2	18.2	31.8	31.8
	1,999.7	1,999.7	1,945.2	1,945.2	4,297.1	4,297.1	4,116.7	4,116.7
Financial liabilities								
Payables (excluding contract liabilities)	881.6	881.6	712.8	712.8	1,054.1	1,054.1	796.5	796.5
Interest bearing liabilities ²	3,173.9	2,927.2	2,832.2	2,670.6	2,987.9	2,739.3	2,825.4	2,528.3
Other financial liabilities:								
– IRD	159.5	159.5	126.2	126.2	159.5	159.5	126.2	126.2
– CCIRS ³	346.3	346.3	272.3	272.3	272.7	272.7	225.0	225.0
– FEC	131.7	131.7	120.4	120.4	-	-	-	-
	4,693.0	4,446.3	4,063.9	3,902.3	4,474.2	4,225.6	3,973.1	3,676.0

1. Includes fair values of derivative financial instruments equating to \$112.6 million (30 June 2022: \$133.3 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

2. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 31 December 2022.

3. Includes fair values of derivative financial instruments equating to \$59.7 million (30 June 2022: \$79.6 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

Goodman Group

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method:

	Goodman				GIT			
	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 31 December 2022								
Derivative financial assets	-	509.9	-	509.9	-	355.6	-	355.6
Investments in unlisted securities	-	-	15.5	15.5	-	-	18.2	18.2
	-	509.9	15.5	525.4	-	355.6	18.2	373.8
Derivative financial liabilities	-	637.5	-	637.5	-	432.2	-	432.2
	-	637.5	-	637.5	-	432.2	-	432.2
As at 30 June 2022								
Derivative financial assets	-	484.4	-	484.4	-	342.9	-	342.9
Investments in unlisted securities	-	-	13.6	13.6	-	-	31.8	31.8
	-	484.4	13.6	498.0	-	342.9	31.8	374.7
Derivative financial liabilities	-	518.9	-	518.9	-	351.2	-	351.2
	-	518.9	-	518.9	-	351.2	-	351.2

Valuation techniques used to derive fair values

The Level 2 derivative financial instruments held by Goodman and GIT consist of IRD, CCIRS and FEC.

The fair values of derivative financial instruments are determined using generally accepted pricing models which discount estimated future cash flows based on the terms and maturity of each contract and current market interest rates and/or foreign currency rates, adjusted for specific features of the instruments. Fair values also reflect the current creditworthiness of the derivative counterparties.

The fair values of the Level 3 financial instruments are assessed by reference to the investee's latest financial information.

Notes to the consolidated interim financial statements

Capital management

10 Dividends and distributions

Dividends and distributions are recognised when they are declared and before deduction of any withholding tax. Any non-recoverable withholding tax is included in income tax. Details of distributions recognised during the half year were as follows:

Dividends/distributions for the half year ended 31 December 2022

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT	15.0	282.1	24 February 2023
GLHK	-	-	n/a
	15.0	282.1	

Dividends/distributions for the half year ended 31 December 2021

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT	15.0	280.2	24 February 2022
GLHK	-	-	n/a
	15.0	280.2	
Distributions on treasury securities		(0.2)	
	15.0	280.0	

11 Issued capital

	Goodman				GIT	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Number of securities		\$M	\$M	\$M	\$M
Stapled securities:						
– Issued and fully paid	1,880,469,088	1,866,989,276	8,367.1	8,367.1	8,461.8	8,303.3
– Treasury securities	-	1,233,333	-	-	-	-
Less: Accumulated issue costs			(161.2)	(161.0)	(148.9)	(148.8)
Total issued capital	1,880,469,088	1,868,222,609	8,205.9	8,206.1	8,312.9	8,154.5

Terms and conditions of ordinary securities

Stapled security means one share in the Company stapled to one unit in GIT and one CDI over an ordinary share of GLHK. Holders of stapled securities are entitled to receive dividends or distributions as declared from time to time and are entitled to one vote per security at Securityholders' meetings. In the event of a winding up, Securityholders rank after creditors and are fully entitled to any proceeds of liquidation.

Date	Details	Number of securities	Goodman \$M	GIT \$M
30 June 2021	Balance before accumulated issue costs	1,847,429,255	8,257.3	7,997.7
31 August 2021	Securities issued to employees under the LTIP	14,716,648	-	216.3
31 August 2021	Issue of treasury securities	1,233,333	-	18.1
2 September 2021	Issue of securities	4,843,373	109.8	71.2
30 June 2022	Balance before accumulated issue costs	1,868,222,609	8,367.1	8,303.3
1 September 2022	Securities issued to employees under the LTIP	13,479,812	-	158.5
1 September 2022	Treasury securities allocated to employees under the LTIP	(1,233,333)	-	-
	Less: Accumulated issue costs		(161.2)	(148.9)
31 December 2022	Closing balance	1,880,469,088	8,205.9	8,312.9

Share based payments

During the half year, Goodman issued 22,428,197 performance rights under the LTIP. If the rights achieve the hurdles under the LTIP then vesting will occur from September 2025 to September 2032. Further details of the LTIP can be found in the 2022 annual report of Goodman Group.

Notes to the consolidated interim financial statements

OTHER ITEMS

12 Equity attributable to Goodman Limited and non-controlling interests

Under Australian Accounting Standards, stapled entities are required to separately identify equity attributable to the parent entity from equity attributable to other entities stapled to the parent. The equity attributable to other entities stapled to the parent is presented as non-controlling interests in the statement of financial position of the Group. The tables below in notes 12(a) and 12(b) provide an analysis of equity, profit for the half year and total comprehensive income or loss for the half year attributable to each of Goodman Limited and the other entities stapled to Goodman Limited (non-controlling interests).

(a) Equity attributable to Goodman Limited

	Attributable to Goodman Limited						
	Issued capital	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2021	494.5	(65.5)	39.4	(23.3)	(49.4)	1,190.5	1,635.6
Total comprehensive income for the half year							
Profit for the half year	-	-	-	-	-	369.1	369.1
Other comprehensive income							
Effect of foreign currency translation	-	3.1	-	-	3.1	-	3.1
Total comprehensive income for the half year, net of income tax	-	3.1	-	-	3.1	369.1	372.2
Transfers	-	-	(81.8)	-	(81.8)	81.8	-
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(28.1)	-	(28.1)	-	(28.1)
Issue of securities	19.8	-	-	-	-	-	19.8
Equity settled share based payments transactions	-	-	55.0	-	55.0	-	55.0
Balance at 31 December 2021	514.3	(62.4)	(15.5)	(23.3)	(101.2)	1,641.4	2,054.5
Balance at 1 July 2022	514.3	(76.4)	52.4	(22.3)	(46.3)	1,824.9	2,292.9
Total comprehensive income/(loss) for the half year							
Profit for the half year	-	-	-	-	-	231.7	231.7
Other comprehensive income							
Effect of foreign currency translation	-	14.2	-	(0.5)	13.7	-	13.7
Total comprehensive income/(loss) for the half year, net of income tax	-	14.2	-	(0.5)	13.7	231.7	245.4
Transfers	-	-	(115.6)	-	(115.6)	115.6	-
Contributions by and distributions to owners							
Issue costs	(0.1)	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	113.6	-	113.6	-	113.6
Balance at 31 December 2022	514.2	(62.2)	50.4	(22.8)	(34.6)	2,172.2	2,651.8

Goodman Group

(b) Equity attributable to other entities stapled to Goodman Limited (non-controlling interests)

Attributable to other entities stapled to Goodman Limited (non-controlling interests)									
	Issued capital \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Employee compensation reserve \$M	Defined benefit retirement schemes reserve \$M	Total reserves \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2021	7,601.9	(6.7)	(4.4)	(25.2)	235.3	(14.8)	184.2	3,739.8	11,525.9
Total comprehensive income/(loss) for the half year									
Profit for the half year	-	-	-	-	-	-	-	1,633.7	1,633.7
Other comprehensive (loss)/income									
Effect of foreign currency translation	-	(0.1)	(0.1)	130.6	-	(0.5)	129.9	-	129.9
Other changes	-	0.3	3.7	-	-	-	4.0	-	4.0
Total comprehensive income/(loss) for the half year, net of income tax	-	0.2	3.6	130.6	-	(0.5)	133.9	1,633.7	1,767.6
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(280.0)	(280.0)
Issue of stapled securities	90.1	-	-	-	-	-	-	-	90.1
Issue costs	(0.2)	-	-	-	-	-	-	-	(0.2)
Equity settled share based payments transactions	-	-	-	-	34.3	-	34.3	-	34.3
Balance at 31 December 2021	7,691.8	(6.5)	(0.8)	105.4	269.6	(15.3)	352.4	5,093.5	13,137.7
Balance at 1 July 2022	7,691.8	(6.4)	11.1	129.8	273.1	(8.6)	399.0	6,041.1	14,131.9
Total comprehensive income/(loss) for the half year									
Profit for the half year	-	-	-	-	-	-	-	865.3	865.3
Other comprehensive (loss)/income									
Effect of foreign currency translation	-	(0.2)	0.2	158.1	-	0.2	158.3	-	158.3
Other changes	-	(0.3)	4.0	-	-	-	3.7	-	3.7
Total comprehensive (loss)/income for the half year, net of income tax	-	(0.5)	4.2	158.1	-	0.2	162.0	865.3	1,027.3
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(282.1)	(282.1)
Issue costs	(0.1)	-	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	-	-	(27.4)	-	(27.4)	-	(27.4)
Balance at 31 December 2022	7,691.7	(6.9)	15.3	287.9	245.7	(8.4)	533.6	6,624.3	14,849.6

Notes to the consolidated interim financial statements

Other items

13 Commitments

Development activities

At 31 December 2022, Goodman was committed to expenditure in respect of \$661.5 million (30 June 2022: \$691.8 million) on inventories and other development activities. GIT had \$nil of such commitments (30 June 2022: \$nil).

Investment properties

At 31 December 2022, capital expenditure commitments on Goodman's investment property portfolio were \$27.8 million (30 June 2022: \$6.1 million). GIT had capital expenditure commitments of \$26.2 million in respect of its investment property portfolio (30 June 2022: \$4.5 million).

Partnerships

At 31 December 2022, the Group had equity commitments of \$139.9 million (30 June 2022: \$135.0 million) into GEP and \$nil (30 June 2022: \$217.9 million) into GAIP. These commitments also apply to GIT.

In addition, Goodman has undertaken to acquire up to 82.1 million units in GAIP if their holder elects to sell them. The price Goodman will pay will be determined by the prevailing unit price at the time of the sale. As at 31 December 2022, this equated to a total value of \$172.4 million (cum distribution) or \$171.5 million (ex-distribution) (30 June 2022: \$162.1 million or \$161.1 million, respectively). Goodman's commitment to this sale process ends in May 2026. This commitment also applies to GIT.

In relation to GEP, Goodman offers two liquidity facilities which allow certain of the capital partners to sell to the Group some or all of their investments in GEP, but only when Goodman's ownership interest in GEP is below 40.0%. At 31 December 2022, Goodman's ownership interest in GEP was 19.8% and therefore the facilities are available to the partners. The first facility, which applies to 1.3% of the issued and committed units, would require Goodman to purchase up to €40.3 million of units (at a 1% discount to current unit value), subject to a maximum in each quarter of 2.5% of units. The second facility, which applies to 25.9% of the issued and committed units, would require Goodman to purchase up to €150.0 million of units (at a 5% discount to current unit value), subject to a maximum in each calendar year of €50.0 million. This commitment also applies to GIT.

Furthermore, in respect of certain Partnerships, Goodman and its capital partners have committed to invest further capital, subject to the unanimous approval by the partners of the relevant property acquisition and/or development for which the funding is required. Goodman's commitment in respect of these Partnerships is set out below:

\$129.9 million (30 June 2022: \$130.7 million) into KWASA Goodman Germany
 \$289.3 million (30 June 2022: \$344.8 million) into Goodman Japan Development Partnership
 \$764.4 million (30 June 2022: \$793.8 million) into GCLP
 \$472.2 million (30 June 2022: \$599.9 million) into GUKP
 \$1,803.4 million (30 June 2022: \$1,888.9 million) into GNAF
 \$72.1 million (30 June 2022: \$73.0 million) into Goodman Brazil Logistics Partnership.

GIT would contribute its proportionate share of investments in GNAF and certain other JVs of \$1,949.9 million (30 June 2022: \$1,961.9 million).

Wyuna Regenerative Agriculture Investment Fund (Wyuna Fund)

As part of its environmental, social and governance strategy, Goodman has committed to investing up to \$30.0 million in an integrated carbon credit and regenerative platform in Australia – Wyuna Fund. Investing alongside Australia's Clean Energy Finance Corporation, this project assists land regeneration, sustainable food production and land-based solutions to climate change. The Wyuna Fund is managed by Wyuna Regenerative Ag, which is 50% owned by Christopher Green, a director of GL. During the half year, GL invested \$11.2 million, and the total investment in Wyuna Fund at 31 December 2022 is \$11.2 million (30 June 2022: \$nil).

Other investments

GreenPoint Real Estate Innovation and Technology Venture, LP

In order to enhance understanding of and access to technologies that may influence the property sector and the business, GIT committed to investing USD15.0 million in GreenPoint Real Estate Innovation and Technology Venture, LP, a property technology fund that is a Delaware limited partnership, managed by Greenpoint Group LP, also a Delaware limited partnership. Greenpoint Group LP is beneficially owned and controlled by Christopher Green, a director of GL. During the half year, GIT invested a further USD0.5 million and the total investment at 31 December 2022 was USD5.8 million (30 June 2022: USD5.3 million).

14 Events subsequent to balance date

Other than as disclosed elsewhere in this interim financial report, there has not arisen in the interval between the end of the half year and the date of this interim financial report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of Goodman and GIT, the results of those operations, or the state of affairs of Goodman and GIT, in future financial years.

Directors' declaration

In the opinion of the directors of Goodman Limited and the directors of Goodman Funds Management Limited, the responsible entity for Goodman Industrial Trust:

- (a) the consolidated interim financial statements and the accompanying notes of Goodman Limited and its controlled entities and Goodman Industrial Trust and its controlled entities are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Goodman's and GIT's financial position as at 31 December 2022 and of their performance for the half year ended on that date
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001
- (b) there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Stephen Johns
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 16 February 2023

Independent Auditor's Review Report

To the stapled security holders of Goodman Group and the unitholders of Goodman Industrial Trust

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Goodman Limited (the Company) as the deemed parent presenting the stapled security arrangement of the Goodman Group (the Goodman Group Interim Financial Report).

We have also reviewed the **Interim Financial Statements** of Goodman Industrial Trust (the Trust Interim Financial Report).

Based on our reviews, which are not an audit, we have not become aware of any matter that makes us believe that the Goodman Group Interim Financial Report and the Trust Interim Financial Report are not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Goodman Group's and of the Trust's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

The content of each of the Goodman Group and Trust **Interim Financial Reports** comprises:

- Consolidated interim statement of financial position as at 31 December 2022;
 - Consolidated interim income statement, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim cash flow statement for the half-year ended on that date;
 - Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- (collectively referred to as Financial Statements)
- The Directors' Declaration.

The **Group** comprises Goodman Limited and the entities it controlled at the half-year's end or from time to time during the half-year, Goodman Industrial Trust (the Trust) and the entities it controlled at the half-year's end or from time to time during the half-year, and Goodman Logistics (HK) Limited and the entities it controlled at the half-year's end or from time to time during the half-year.



Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Goodman Group, Goodman Limited, Goodman Funds Management Limited (the Responsible Entity of the Trust) and Goodman Industrial Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors and the Responsible Entity for the Interim Financial Report

The Directors of the Company and the Responsible Entity are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of Goodman Group and the Trust's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Eileen Hoggett
Partner

Sydney

16 February 2023

Goodman Logistics (HK) Limited and its subsidiaries

Consolidated interim financial report for the half year ended 31 December 2022

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Report of the directors

The directors have pleasure in submitting their condensed interim financial report for Goodman Logistics (HK) Limited (Company) and its subsidiaries (collectively referred to as the Consolidated Entity) for the half year ended 31 December 2022 (half year).

Incorporation and principal place of business

Goodman Logistics (HK) Limited was incorporated in Hong Kong on 18 January 2012 and has its principal place of business at Suite 901, Three Pacific Place, 1 Queen's Road East, Hong Kong.

On 22 August 2012, the Company became a party to the stapling deed with Goodman Limited (GL) and Goodman Industrial Trust (GIT), and together the three entities and their controlled entities are known as Goodman Group. Goodman Group is listed on the Australian Securities Exchange.

Principal activities

The principal activities of the Consolidated Entity are investment in directly and indirectly held industrial property, investment management, property management services and development management.

Condensed interim financial statements

The results of the Consolidated Entity for the half year and the state of the Consolidated Entity's affairs at that date are set out in the condensed interim financial statements on pages A4 to A24.

No interim dividends were declared in respect of the half year. On 25 August 2022, the Company paid a final dividend in respect of the year ended 30 June 2022 of 2.5 cents per share amounting to A\$46.7 million.

Directors

The directors during the half year and up to the date of this report were:

Directors

Stephen Paul Johns
David Jeremy Collins
Gregory Leith Goodman (alternate director to Stephen Paul Johns)
Daniel Cornelius Peeters

State of affairs

There were no significant changes in the Consolidated Entity's state of affairs during the half year.

Events subsequent to the reporting date

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

By order of the Board

A handwritten signature in black ink, appearing to be 'SPJ', on a light gray background.

Stephen Paul Johns
Independent Chairman

A handwritten signature in blue ink, appearing to be 'DJC', on a light gray background.

David Jeremy Collins
Director

Hong Kong, 16 February 2023

Consolidated interim statement of financial position

as at 31 December 2022

(expressed in Australian dollars)

	Note	Consolidated	
		31 Dec 2022	30 Jun 2022
		\$M	\$M
Current assets			
Cash and cash equivalents		234.1	357.5
Inventories	3(b)	227.6	175.2
Receivables	4	160.1	115.6
Contract assets		19.5	60.5
Current tax receivables		0.5	0.6
Other assets		4.3	3.2
Total current assets		646.1	712.6
Non-current assets			
Inventories	3(b)	1,281.6	1,377.4
Investment properties	3(b)	439.7	336.8
Investments accounted for using the equity method	3(b)	1,898.6	1,845.6
Receivables	4	728.2	789.6
Other financial assets	8	197.6	174.8
Deferred tax assets		20.4	18.8
Property, plant and equipment		22.4	24.0
Other assets		4.7	3.7
Total non-current assets		4,593.2	4,570.7
Total assets		5,239.3	5,283.3
Current liabilities			
Payables	5	265.4	274.6
Loans from related parties		194.6	125.4
Current tax payables		49.0	32.5
Employee benefits		33.4	49.0
Dividend payable	9	-	46.7
Other financial liabilities	8	46.9	45.4
Total current liabilities		589.3	573.6
Non-current liabilities			
Payables	5	55.8	93.2
Interest bearing liabilities	7	14.1	9.0
Loans from related parties		1,722.1	1,815.6
Deferred tax liabilities		12.1	50.5
Employee benefits		13.3	13.9
Other financial liabilities	8	180.6	141.4
Total non-current liabilities		1,998.0	2,123.6
Total liabilities		2,587.3	2,697.2
Net assets		2,652.0	2,586.1
Equity attributable to Shareholders			
Share capital	10	919.1	873.0
Reserves	11	(570.8)	(605.1)
Retained earnings	12	2,289.2	2,290.0
Total equity attributable to Shareholders		2,637.5	2,557.9
Non-controlling interests		14.5	28.2
Total equity		2,652.0	2,586.1

The notes on pages A8 to A24 form part of this condensed interim financial report.

Consolidated interim statement of comprehensive income

for the half year ended 31 December 2022
(expressed in Australian dollars)

		Consolidated	
	Note	2022 \$M	2021 \$M
Revenue			
Gross property income		28.4	21.8
Management income	1	102.0	80.3
Development income	1	423.4	507.7
		553.8	609.8
Property and development expenses			
Property expenses		(3.9)	(2.4)
Development expenses		(214.1)	(200.1)
		(218.0)	(202.5)
Other income			
Net loss from fair value adjustments on investment properties	3(d)	(0.5)	(0.1)
Net gain on disposal of investment properties		-	4.5
Share of net results of equity accounted investments	3(f)	(153.1)	316.7
		(153.6)	321.1
Other expenses			
Employee expenses		(89.1)	(118.3)
Share based payments expense		(42.6)	(91.8)
Administrative and other expenses		(21.8)	(20.1)
		(153.5)	(230.2)
Profit before interest and income tax		28.7	498.2
Net finance expense			
Finance income	6	25.5	11.0
Finance expense	6	(61.5)	(64.1)
Net finance expense		(36.0)	(53.1)
(Loss)/profit before income tax		(7.3)	445.1
Income tax benefit/(expense)		11.2	(90.9)
Profit for the half year		3.9	354.2
Profit/(loss) for the half year attributable to:			
Shareholders	12	(0.8)	350.3
Non-controlling interests		4.7	3.9
Profit for the half year		3.9	354.2
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss			
(Decrease)/increase due to revaluation of other financial assets		(1.2)	1.2
		(1.2)	1.2
Item that may be reclassified subsequently to profit or loss			
Effect of foreign currency translation		39.1	43.6
		39.1	43.6
Other comprehensive income for the half year, net of tax		37.9	44.8
Total comprehensive income for the half year		41.8	399.0
Total comprehensive income for the half year attributable to:			
Shareholders		36.8	395.1
Non-controlling interests		5.0	3.9
Total comprehensive income for the half year		41.8	399.0

The notes on pages A8 to A24 form part of this condensed interim financial report.

Consolidated interim statement of changes in equity

for the half year ended 31 December 2022

(expressed in Australian dollars)

Half year ended 31 December 2021

Consolidated	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2021		791.9	(629.0)	1,584.8	1,747.7	22.2	1,769.9
Total comprehensive income for the half year							
Profit for the half year	12	-	-	350.3	350.3	3.9	354.2
Other comprehensive income for the half year		-	44.8	-	44.8	-	44.8
Total comprehensive income for the half year, net of income tax		-	44.8	350.3	395.1	3.9	399.0
Contributions by and distributions to owners							
Issue of shares to employees of Goodman Group	10	57.4	-	-	57.4	-	57.4
Issue of treasury shares	10	4.8	-	-	4.8	-	4.8
Issue of ordinary shares	10	18.9	-	-	18.9	-	18.9
Equity settled share based payments transactions	11(c)	-	1.4	-	1.4	-	1.4
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	1.1	1.1
Balance at 31 December 2021		873.0	(582.8)	1,935.1	2,225.3	27.2	2,252.5

Half year ended 31 December 2022

Consolidated	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2022		873.0	(605.1)	2,290.0	2,557.9	28.2	2,586.1
Total comprehensive income/(loss) for the half year							
(Loss)/profit for the half year	12	-	-	(0.8)	(0.8)	4.7	3.9
Other comprehensive income for the half year		-	37.6	-	37.6	0.3	37.9
Total comprehensive income/(loss) for the half year, net of income tax		-	37.6	(0.8)	36.8	5.0	41.8
Contributions by and distributions to owners							
Dividends declared/paid		-	-	-	-	(19.4)	(19.4)
Issue of shares to employees of Goodman Group	10	46.1	-	-	46.1	-	46.1
Equity settled share based payments transactions	11(c)	-	(3.3)	-	(3.3)	-	(3.3)
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	0.7	0.7
Balance at 31 December 2022		919.1	(570.8)	2,289.2	2,637.5	14.5	2,652.0

The notes on pages A8 to A24 form part of this condensed interim financial report.

Consolidated interim cash flow statement

for the half year ended 31 December 2022

(expressed in Australian dollars)

	Consolidated	
	2022	2021
	\$M	\$M
Cash flows from operating activities		
Property income received	27.0	22.3
Cash receipts from development activities	420.7	511.9
Cash receipts from management and other activities	101.4	136.6
Property expenses paid	(2.9)	(2.1)
Payments for development activities	(129.8)	(350.6)
Other cash payments in the course of operations	(186.2)	(158.2)
Dividends/distributions received	11.4	32.8
Interest received	28.1	8.2
Finance costs paid	(0.4)	(2.8)
Net income taxes paid	(29.0)	(64.9)
Net cash provided by operating activities	240.3	133.2
Cash flows from investing activities		
Net proceeds from disposal of investment properties	-	278.6
Payments for investment properties	(97.1)	(357.2)
Net proceeds from disposal of equity accounted investments	-	4.3
Return of capital from equity accounted investments	28.7	90.1
Payments for equity investments	(239.0)	(180.1)
Payments for plant and equipment	(1.1)	(1.5)
Net cash used in investing activities	(308.5)	(165.8)
Cash flows from financing activities		
Net proceeds from issue of ordinary shares	-	18.9
Proceeds from borrowings	5.2	-
Net proceeds from loans with related parties	7.3	28.8
Dividends paid to Shareholders	(46.7)	(110.8)
Dividends paid to non-controlling interests	(19.4)	-
Payments of lease liabilities	(3.9)	(4.0)
Capital contributed by non-controlling interests	0.7	1.1
Net cash used in financing activities	(56.8)	(66.0)
Net decrease in cash held	(125.0)	(98.6)
Cash and cash equivalents at the beginning of the half year	357.5	358.4
Effect of exchange rate fluctuations on cash held	1.6	6.4
Cash and cash equivalents at the end of the half year	234.1	266.2

The notes on pages A8 to A24 form part of this condensed interim financial report.

Notes to the condensed interim financial report

(expressed in Australian dollars)

BASIS OF PREPARATION

(a) Statement of compliance

This condensed interim financial report of the Company as at and for the half year ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the Consolidated Entity) and the Consolidated Entity's interests in joint ventures (referred to by the Consolidated Entity as JVs or Partnerships).

This condensed interim financial report has been prepared on a going concern basis and in accordance with HKAS 34 *Interim financial reporting*. The condensed interim financial report is presented in Australian dollars and was authorised for issue by the directors on 16 February 2023.

In accordance with the stapling agreement between the Company, GL and Goodman Funds Management Limited as responsible entity for GIT, on request, each party (and its subsidiaries) must provide financial support to the other party (and its subsidiaries). The financial support to the other party (and its subsidiaries) may include:

- + Lending money or providing financial accommodation
- + Guaranteeing any loan or other financing facility including providing any security
- + Entering into any covenant, undertaking, restraint or negative pledge on the obtaining of any financial accommodation or the provision of any guarantee or security in connection with any financial accommodation
- + Entering into any joint borrowing or joint financial accommodation and providing any guarantee, security, indemnities and undertakings in connection with the relevant joint borrowing or joint financial accommodation.

A party need not do anything under the above arrangements to the extent that the party considers that it is not in the interests of Goodman Group Securityholders as a whole, or would cause a member of the party's group to contravene or breach applicable laws or particular finance arrangements.

The condensed interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the annual report of the Consolidated Entity as at and for the year ended 30 June 2022.

The condensed interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual report of the Consolidated Entity as at and for the year ended 30 June 2022.

The financial information relating to the year ended 30 June 2022 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual report for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- + The Company has delivered the financial statements for the year ended 30 June 2022 to the Registrar of Companies in accordance with section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance
- + The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not include a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

(b) Critical accounting estimates used in the preparation of the condensed interim financial report

The preparation of the condensed interim financial report requires estimates and assumptions concerning the application of accounting policies and the future to be made by the Consolidated Entity. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year can be found in the following notes:

- + Note 3 – Property assets
- + Note 8 – Financial instruments.

The accounting impacts of revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Measurement of fair values

A number of the Consolidated Entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Consolidated Entity uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy and have been defined as follows:

- + Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- + Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- + Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in relation to the Consolidated Entity's property assets and financial instruments are included in the following notes:

- + Note 3 – Property assets
- + Note 8 – Financial instruments.

(c) Accounting standards issued but not yet effective

The Consolidated Entity has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of the new accounting standards or interpretations is expected to have a significant impact on the results of the Consolidated Entity.

Notes to the condensed interim financial report

RESULTS FOR THE HALF YEAR

1 Profit before interest and income tax

Profit before interest and income tax has been arrived at after crediting the following items:

	Consolidated	
	2022	2021
	\$M	\$M
Management services	101.7	79.8
Performance related income	0.3	0.5
Management income	102.0	80.3
Income from disposal of inventories	163.6	256.4
Income from fixed price development contracts	151.6	130.7
Other development income, including development management ¹	86.6	81.0
Net gain on disposal of special purpose development entities, including JVs	21.6	39.6
Development income	423.4	507.7

1. Fee revenues from single contractual arrangements involving a combination of inextricable investment management and development management services and recognised over the life of the underlying developments projects are classified as development income for statutory reporting purposes. During the half year, \$41.9 million (2021: \$38.6 million) of such income was recognised.

2 Segment reporting

Operating segment information is reported on a geographic basis and the Consolidated Entity has determined that its operating segments are Asia (Greater China (including the Hong Kong SAR) and Japan), Continental Europe and the United Kingdom.

The activities and services undertaken by the operating segments include:

- + Property investment, comprising the Consolidated Entity's cornerstone investments in Partnerships
- + Management activities, both fund and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for Partnerships.

Goodman Logistics (HK) Limited and its subsidiaries

Information about reportable segments

	Asia		Continental Europe		United Kingdom		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of comprehensive income								
External revenues								
Gross property income	14.3	4.9	13.5	14.5	0.6	2.4	28.4	21.8
Management income	67.3	49.3	30.7	28.5	4.0	2.5	102.0	80.3
Development income	80.2	79.5	306.8	401.7	36.4	26.5	423.4	507.7
Total external revenues	161.8	133.7	351.0	444.7	41.0	31.4	553.8	609.8
Analysis of external revenues:								
Revenues from contracts with customers								
Assets and services transferred at a point in time	19.9	12.0	160.9	291.4	33.2	13.0	214.0	316.4
Assets and services transferred over time	128.6	117.2	177.8	140.0	7.3	16.0	313.7	273.2
Other revenue								
Rental income (excludes outgoing recoveries)	13.3	4.5	12.3	13.3	0.5	2.4	26.1	20.2
Total external revenues	161.8	133.7	351.0	444.7	41.0	31.4	553.8	609.8
Reportable segment profit before income tax¹	126.9	140.4	127.3	197.7	13.8	31.8	268.0	369.9
Other key components of financial performance included in reportable segment profit before income tax								
Share of net results of equity accounted investments in Partnerships (before fair value adjustments)	8.9	56.3	4.4	3.4	9.7	4.4	23.0	64.1
Material non-cash items not included in reportable segment profit before income tax								
Share of fair value adjustments attributable to investment properties in Partnerships	2.7	43.1	(23.4)	11.9	(150.0)	198.8	(170.7)	253.8
	Asia		Continental Europe		United Kingdom		Total	
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2022	2022	2022	2022	2022	2022	2022	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position								
Reportable segment assets	2,174.2	1,971.9	1,202.7	1,312.4	932.0	957.2	4,308.9	4,241.5
Included in reportable segment assets are:								
Equity accounted investments in Partnerships	1,085.5	1,000.8	141.5	164.2	671.6	680.6	1,898.6	1,845.6
Non-current assets	1,983.2	1,743.8	873.3	1,017.0	874.5	899.0	3,731.0	3,659.8
Reportable segment liabilities	144.0	160.8	170.4	124.1	72.7	113.5	387.1	398.4

1. Reportable segment profit before income tax comprises profit before tax as reported in the consolidated interim statement of comprehensive income adjusted for property valuations, other non-cash or non-recurring items and net finance expense.

Notes to the condensed interim financial report

Results for the half year

2 Segment reporting

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	Note	2022 \$M	2021 \$M
Revenue			
Total revenue for reportable segments		553.8	609.8
Consolidated revenues		553.8	609.8
Profit or loss			
Total profit before income tax for reportable segments		268.0	369.9
Corporate expenses not allocated to reportable segments		(20.1)	(32.4)
		247.9	337.5
Valuation and other adjustments not included in reportable segment profit before income tax:			
– Net loss from fair value adjustments on investment properties	3(d)	(0.5)	(0.1)
– Share of fair value adjustments attributable to investment properties in Partnerships	3(f)	(170.7)	253.8
– Share of fair value adjustments on derivative financial instruments in Partnerships	3(f)	(5.4)	(1.2)
– Share based payments expense		(42.6)	(91.8)
Net finance expense	6	(36.0)	(53.1)
Consolidated (loss)/profit before income tax		(7.3)	445.1
		31 Dec 2022	30 Jun 2022
		\$M	\$M
Assets			
Total assets for reportable segments		4,308.9	4,241.5
Other unallocated amounts ¹		930.4	1,041.8
Consolidated total assets		5,239.3	5,283.3
Liabilities			
Total liabilities for reportable segments		387.1	398.4
Other unallocated amounts ¹		2,200.2	2,298.8
Consolidated total liabilities		2,587.3	2,697.2

1. Other unallocated amounts comprise principally receivables from and payables to GL and GIT and their controlled entities.

OPERATING ASSETS AND LIABILITIES

3 Property assets

(a) Types of property assets

The Consolidated Entity's investment in property assets includes both inventories and investment properties, which may be held either directly or through its investments in Partnerships.

Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Consolidated Entity's business. Inventories are carried at the lower of cost or net realisable value. The calculation of net realisable value requires estimates and assumptions which are regularly evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

Inventories are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at their fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

(b) Summary of the Consolidated Entity's investment in property assets

	Note	Consolidated	
		31 Dec 2022 \$M	30 Jun 2022 \$M
Inventories			
Current	3(e)	227.6	175.2
Non-current	3(e)	1,281.6	1,377.4
		1,509.2	1,552.6
Investment properties			
Stabilised investment properties	3(d)	439.7	336.8
		439.7	336.8
Property held by Partnerships			
Investments accounted for using the equity method	3(f)	1,898.6	1,845.6
		1,898.6	1,845.6

Notes to the condensed interim financial report

Operating assets and liabilities

3 Property assets

(c) Estimates and assumptions in determining property carrying values

Inventories

For both inventories held directly and inventories held in Partnerships, external valuations are not performed but instead valuations are determined using the feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market. If the feasibility study calculations indicate that the forecast cost of a completed development will exceed the net realisable value, then the inventories are impaired.

Investment properties

Stabilised investment properties

The fair value of stabilised investment properties is based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. The current price is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external, independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of the asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Where a market segment is observed to be active, then external independent valuations are performed for stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The considerations include a greater than 10% movement in market rents, more than a 25 basis point movement in capitalisation rates, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure, a change in use (or zoning), a development has reached completion/stabilisation of the asset or it has been two years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

- + Current contractual lease terms
- + Current market rents
- + Projected growth in market rents
- + Expected and likely capital expenditures
- + Projected letting up incentives provided to customers and vacant time on expiry of leases
- + Discount rates - computed using the 10-year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Goodman Logistics (HK) Limited and its subsidiaries

Market assessment

The investment markets for industrial, logistics and warehousing properties have slowed in the half year ended 31 December 2022, with some potential purchasers assessing how the changes in interest rates and inflation in certain regions will impact property pricing. Nevertheless, recent transactions have occurred and the Board has been able to assess that all markets in which the Consolidated Entity operates are active and as a consequence, no adjustments have been made to the carrying values of the Consolidated Entity's stabilised investment property portfolios on the basis of internally prepared discounted cash flow valuations.

Overall weighted average capitalisation rates for the divisional portfolios (including Partnerships) are set out in the table below:

Segment	Total portfolio weighted average capitalisation rate	
	31 Dec 2022	30 Jun 2022
	%	%
Asia	5.2	5.2
Continental Europe	4.4	3.4
United Kingdom	4.9	3.7

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined using the feasibility assessments supporting the developments. The end values of the developments in the feasibility assessments are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time that are consistent with those observed in the relevant market adjusted for a profit and risk factor. This profit and risk factor is dependent on the function, location, size and current status of the development and is generally in a market range of 10% to 15%. This adjusted end value is then compared to the forecast cost of a completed development to determine whether there is an increase or decrease in value.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when a property has been stabilised.

The impacts on the Consolidated Entity's financial position that would arise from the changes in capitalisation rates, market rents and incentives/re-leasing time are set out in the table below. This illustrates the impacts on the Consolidated Entity in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Directly held properties	Partnerships ¹
	\$M	\$M
Book value at 31 December 2022	439.7	2,001.0
Changes in capitalisation rates		
Increase in capitalisation rates +50 basis points (bps)	(46.9)	(180.8)
Increase in capitalisation rates +25 bps	(24.8)	(94.7)
Decrease in capitalisation rates -25 bps	27.9	104.7
Decrease in capitalisation rates -50 bps	59.7	221.0
Changes in market rents		
Decrease in rents -5%	(18.7)	(79.9)
Decrease in rents -2.5%	(9.3)	(40.0)
Increase in rents +2.5%	9.3	40.0
Increase in rents +5%	18.7	79.9
Changes in incentives/vacant time²		
Increase in incentives/re-leasing times +3 months	(4.3)	(5.6)
Increase in incentives/re-leasing times +6 months	(8.6)	(11.2)

1. Reflects the Consolidated Entity's share in Partnerships.

2. On assumed lease expiries over the next 12 months.

Notes to the condensed interim financial report

Operating assets and liabilities

3 Property assets

(d) Investment properties

The reconciliation of the carrying amount of directly held investment properties is set out as follows:

	Consolidated	
	2022	2021
	\$M	\$M
Carrying amount at the beginning of the half year	336.8	163.9
Acquisitions	97.5	355.2
Capital expenditure	0.4	2.0
Disposals	-	(274.1)
Net loss from fair value adjustments	(0.5)	(0.1)
Effect of foreign currency translation	5.5	4.7
Carrying amount at the end of the half year	439.7	251.6
Analysed by segment:		
Asia	439.7	251.6
	439.7	251.6

(e) Inventories

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$M	\$M
Current		
Land and development properties	176.1	175.2
Leasehold land and development properties	51.5	-
	227.6	175.2
Non-current		
Land and development properties	864.7	964.1
Leasehold land and development properties	416.9	413.3
	1,281.6	1,377.4

(f) Investments accounted for using the equity method

The Consolidated Entity's principal Partnerships are set out below:

		Consolidated share of net results recognised		Consolidated ownership interest		Consolidated investment carrying amount	
	Country of establishment	2022 \$M	2021 \$M	31 Dec 2022 %	30 Jun 2022 %	31 Dec 2022 \$M	30 Jun 2022 \$M
Name							
Property investment and development							
Goodman China Logistics Partnership (GCLP)	Cayman Islands	7.0	52.2	20.0	20.0	927.3	918.0
Goodman UK Partnerships (GUKP) ¹	United Kingdom	(142.7)	203.2	34.7	35.3	664.8	676.3
Other JVs		(17.4)	61.3			306.5	251.3
		(153.1)	316.7			1,898.6	1,845.6

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.

The reconciliation of the carrying amount of investments in JVs is set out as follows:

	Consolidated	
	2022 \$M	2021 \$M
Movements in carrying amount of investments in JVs		
Carrying amount at the beginning of the half year	1,845.6	1,470.0
Share of net results after tax (before fair value adjustments)	23.0	64.1
Share of fair value adjustments attributable to investment properties after tax	(170.7)	253.8
Share of fair value adjustments on derivative financial instruments	(5.4)	(1.2)
Share of net results	(153.1)	316.7
Share of movements in reserves	1.6	2.1
Acquisitions	237.8	180.1
Disposals	(0.1)	(3.4)
Capital return	(28.7)	(90.1)
Dividends/distributions received and receivable	(11.4)	(32.8)
Effect of foreign currency translation	6.9	45.2
Carrying amount at the end of the half year	1,898.6	1,887.8

Notes to the condensed interim financial report

Operating assets and liabilities

4 Receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$M	\$M
Current		
Trade receivables	3.0	5.0
Other receivables	65.4	70.2
Amounts due from related parties	91.7	37.1
Loans to related parties	-	3.3
	160.1	115.6
Non-current		
Loans to related parties	728.2	789.6
	728.2	789.6

5 Payables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$M	\$M
Current		
Trade payables	41.5	45.7
Other payables and accruals	193.1	216.1
Contract liabilities	23.0	4.6
Lease liabilities	7.8	8.2
	265.4	274.6
Non-current		
Other payables and accruals	20.7	56.1
Lease liabilities	35.1	37.1
	55.8	93.2

CAPITAL MANAGEMENT

6 Net finance expense

	Note	Consolidated	
		2022	2021
		\$M	\$M
Finance income			
Interest income on loans to:			
– Related parties	13	10.3	5.2
– Other parties		1.2	0.4
Interest income from derivatives		12.4	3.9
Foreign exchange gain		1.6	1.5
		25.5	11.0
Finance expense			
Interest expense from related party loans	13	(24.0)	(24.2)
Other borrowing costs		(0.9)	(1.0)
Fair value adjustments on derivative financial instruments		(40.6)	(44.7)
Capitalised borrowing costs		4.0	5.8
		(61.5)	(64.1)
Net finance expense		(36.0)	(53.1)

Notes to the condensed interim financial report

Capital management

7 Interest bearing liabilities

	Note	Consolidated	
		31 Dec 2022 \$M	30 Jun 2022 \$M
Secured:			
– Bank loans	7(b)	14.1	9.0
		14.1	9.0

(a) Finance facilities

	Facilities available \$M	Facilities utilised \$M
31 December 2022		
Secured:		
– Bank loans	81.3	14.1
	81.3	14.1
30 June 2022		
Secured:		
– Bank loans	28.2	9.0
	28.2	9.0

(b) Bank loans, secured

As at 31 December 2022, the Consolidated Entity had the following secured bank facilities:

	Facility maturity date	Facility limit \$M	Amounts drawn \$M
	5 January 2033	53.5	-
	18 March 2034	27.8	14.1
Total facilities at 31 December 2022		81.3	14.1
Total facilities at 30 June 2022		28.2	9.0

8 Financial instruments

(a) Fair values of financial instruments

Except for derivative financial instruments and investment in unlisted securities which are carried at fair value, the Consolidated Entity's financial instruments are carried at cost or amortised cost. The carrying amounts of the Consolidated Entity's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2022 and 30 June 2022.

(b) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method (refer to note 1(b)):

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 31 December 2022				
Derivative financial assets	-	151.9	-	151.9
Investment in unlisted securities	-	-	45.7	45.7
	-	151.9	45.7	197.6
Derivative financial liabilities	-	227.5	-	227.5
	-	227.5	-	227.5
As at 30 June 2022				
Derivative financial assets	-	131.3	-	131.3
Investment in unlisted securities	-	-	43.5	43.5
	-	131.3	43.5	174.8
Derivative financial liabilities	-	186.8	-	186.8
	-	186.8	-	186.8

(c) Valuation techniques used to derive Level 2 and Level 3 fair values

The Level 2 derivative financial instruments held by the Consolidated Entity consist of interest rate derivatives, cross currency interest rate swaps and foreign exchange contracts.

The fair values of derivative financial instruments are determined using generally accepted pricing models which discount estimated future cash flows based on the terms and maturity of each contract and current market interest rates and/or foreign currency rates, adjusted for specific features of the instruments. Fair values also reflect the current creditworthiness of the derivative counterparties.

The Level 3 investment in unlisted securities relate to the Consolidated Entity's investment in equity securities and is carried at fair value. There have been no changes in the significant unobservable inputs used to determine the fair value since 30 June 2022.

Reconciliation of Level 3 fair values

	Consolidated	
	2022 \$M	2021 \$M
Carrying amount at the beginning of the half year	43.5	38.2
Acquisitions	1.2	-
Net change in fair value – included in other comprehensive income	(1.2)	1.2
Effect of foreign currency translation	2.2	(0.1)
Carrying amount at the end of the half year	45.7	39.3

Notes to the condensed interim financial report

Capital management

9 Dividends

No interim dividends were declared in respect of the half year. On 25 August 2022, the Company paid a final dividend in respect of the year ended 30 June 2022 of 2.5 cents per share amounting to A\$46.7 million. This dividend had been declared in June 2022.

10 Share capital

	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Number of shares		\$M	\$M
Share capital	1,880,469,088	1,868,222,609	919.7	873.6
Less: Accumulated issue costs			(0.6)	(0.6)
Total issued capital	1,880,469,088	1,868,222,609	919.1	873.0

Date	Details	Number of shares	Share capital \$M
	Ordinary shares, issued and fully paid		
	Balance at 30 June 2021	1,847,429,255	792.5
31 Aug 2021	Shares issued to employees of Goodman Group ¹	14,716,648	57.4
31 Aug 2021	Treasury shares issued	1,233,333	4.8
2 Sep 2021	Ordinary shares issued	4,843,373	18.9
	Balance at 30 June 2022	1,868,222,609	873.6
1 Sep 2022	Shares issued to employees of Goodman Group ¹	12,246,479	46.1
	Balance at 31 December 2022	1,880,469,088	919.7

1. During the half year, the Company issued 12,246,479 (half year ended 31 December 2021: 14,716,648) shares to employees of Goodman Group under the Goodman Group Long Term Incentive Plan.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

OTHER ITEMS

11 Reserves

	Note	Consolidated	
		31 Dec 2022 \$M	30 Jun 2022 \$M
Asset revaluation reserve	11(a)	35.5	36.7
Foreign currency translation reserve	11(b)	52.4	13.6
Employee compensation reserve	11(c)	53.0	56.3
Defined benefit retirement schemes reserve	11(d)	(8.8)	(8.8)
Common control reserve ¹	11(e)	(702.9)	(702.9)
Total reserves		(570.8)	(605.1)

1. The common control reserve arises from the acquisition of entities from other members of Goodman Group under the pooling of interest method. The amount in the common control reserve reflects the difference between the consideration paid and the carrying values of the assets and liabilities of the acquired entity at the date of acquisition.

The movements in reserves of the Consolidated Entity are analysed below:

	Consolidated	
	2022 \$M	2021 \$M
(a) Asset revaluation reserve		
Balance at the beginning of the half year	36.7	27.3
(Decrease)/increase due to revaluation of other financial assets	(1.2)	1.2
Balance at the end of the half year	35.5	28.5
(b) Foreign currency translation reserve		
Balance at the beginning of the half year	13.6	12.7
Net exchange differences on conversion of foreign operations	38.8	43.8
Balance at the end of the half year	52.4	56.5
(c) Employee compensation reserve		
Balance at the beginning of the half year	56.3	48.3
Equity settled share based payment transactions	(3.3)	1.4
Balance at the end of the half year	53.0	49.7
(d) Defined benefit retirement schemes reserve		
Balance at the beginning of the half year	(8.8)	(14.4)
Effect of foreign currency translation	-	(0.2)
Balance at the end of the half year	(8.8)	(14.6)
(e) Common control reserve		
Balance at the beginning of the half year	(702.9)	(702.9)
Balance at the end of the half year	(702.9)	(702.9)

12 Retained earnings

	Consolidated	
	2022 \$M	2021 \$M
Balance at the beginning of the half year	2,290.0	1,584.8
(Loss)/profit for the half year	(0.8)	350.3
Balance at the end of the half year	2,289.2	1,935.1

Notes to the condensed interim financial report

Other items

13 Related party transactions

Management and development activities and amounts due from related parties

	Management and development activities		Amounts due from related parties ¹	
	2022	2021	31 Dec 2022	30 Jun 2022
	\$M	\$M	\$M	\$M
JVs				
GCLP	60.7	51.8	14.5	6.6
GUKP	7.0	49.7	4.6	2.1
KWASA Goodman Germany	4.3	5.0	-	-
Goodman Japan Development Partnership	-	-	-	0.7
	72.0	106.5	19.1	9.4
Related parties of GL and GIT				
Goodman Hong Kong Logistics Partnership	81.6	72.5	12.4	9.8
Goodman European Partnership	276.6	257.5	60.2	47.7
Other related parties	4.2	3.3	-	-
	362.4	333.3	72.6	57.5

1. Includes contract assets arising from transactions with related parties.

Financing arrangements with related parties

	Loans to related parties		Loans from related parties		Interest income/(expense) charged on loans to/from related parties	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M
JVs	35.2	27.3	-	-	0.2	0.1
GL, GIT and their controlled entities	693.0	765.6	(1,916.7)	(1,941.0)	(13.9)	(19.1)
	728.2	792.9	(1,916.7)	(1,941.0)	(13.7)	(19.0)

14 Events subsequent to the reporting date

Other than disclosed elsewhere in the condensed interim financial report, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.



Independent Auditor's Review Report

To the Board of directors of Goodman Logistics (HK) Limited

Review report to the Board of directors of Goodman Logistics (HK) Limited

Introduction

We have reviewed the condensed interim financial report set out on pages A4 to A24 which comprises the consolidated interim statement of financial position of Goodman Logistics (HK) Limited as at 31 December 2022 and the related consolidated interim statements of comprehensive income and changes in equity and the condensed consolidated interim cash flow statement for the half year then ended and explanatory notes. The directors are responsible for the preparation and presentation of the condensed interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

Our responsibility is to form a conclusion, based on our review, on the condensed interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the condensed interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial report as at 31 December 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 February 2023

ASX release

Goodman Group upgrades operating EPS growth guidance to 13.5% following strong 1H23 performance

16 February 2023

Goodman Group (Goodman or Group) today released its results for the half year ended 31 December 2022. The Group delivered operating profit ¹ of \$877 million, up 11.5% on the first half of FY22, and operating earnings per security (OEPS) of 46.4 cents ², up 10.7% on the same period last year. Statutory profit was \$1,097 million.

While economic conditions vary globally, Goodman's business is well placed. The capital position is strong, the portfolio remains almost fully leased, and development activity continues to be robust. The business is performing better than originally anticipated. As a result, the Group expects to achieve full year OEPS growth of 13.5% compared to the previous guidance of 11%.

Key highlights for the period are:

Financial

- + Operating profit¹ of \$877 million, up 11.5% on 1H22
- + Operating EPS² of 46.4 cents, up 10.7% on 1H22
- + Statutory profit of \$1,097 million (includes the Group's share of valuation gains, non-cash items and derivative and mark to market movements)
- + Gearing at 9.7%³, (8.5% at 30 June 2022) (look through gearing at 20.7%)
- + Available liquidity of \$2.8 billion (excludes available equity commitments⁴, cash and undrawn debt of \$18.1 billion in Partnerships)
- + Net tangible assets (NTA) per security of \$8.87 per security, up 6% from 30 June 2022.

Operational

- + Total assets under management (AUM) of \$79.5 billion, up 17% on 1H22
- + \$1.4 billion of revaluation gains across the Group and Partnerships
- + Portfolio occupancy remains high at 99.0%⁵ and like-for-like net property income (NPI) growth is 4.2%⁵
- + Development work in progress (WIP) up 9% on 1H22 to \$13.9 billion, across 85 projects, with a forecast yield on cost of 6.4%
- + Strong performance in GRESB and Sustainalytics benchmarks reinforcing substantial commitment to the Group's sustainability targets.

Group Chief Executive Officer, Greg Goodman said:

"Goodman Group's continued strategy – to focus on high-quality properties in high barrier to entry infill locations – has produced strong results for 1H23.

Despite the volatility in the global economic environment, we delivered a strong operating performance and financial results, and we expect this to continue into the second half of FY23.

We've seen continued rental growth in our markets which has underpinned strong cash flows. This is supporting valuation uplift and growth in assets under management, which was up 17% to \$79.5 billion. Development activity remained strong, with WIP now at \$13.9 billion, and should continue to be a source of growth for the Group and Partnerships.

We have remained disciplined in our capital management approach, maintaining our strong balance sheet with gearing at 9.7% and \$2.8 billion of available liquidity across the Group. The Partnerships remain well funded with \$18.1 billion of equity commitments⁴, cash and debt available across the platform.”

Property investment – high occupancy and rental growth underpinning investment earnings

The strategic location of our portfolio has meant that demand for our properties has remained strong, with occupancy increasing to 99.0% and like-for-like net property income (NPI) growth of 4.2%. This, along with development completions, has resulted in increased property investment earnings, which are now \$260.1 million (up 11% from 1H22).

Market rental growth has accelerated in most of our markets, driven by continued short supply and customers' desire for better locations to improve efficiency. Consequently, rent reversion to market across our portfolio has continued to expand, despite a slowdown in economic activity.

Key highlights include:

- + Occupancy increased to 99.0%⁵
- + Like-for-like NPI growth at 4.2%⁵
- + Leased 3.7 million sqm⁵ on a rolling 12-month period to 31 December 2022, equating to \$484.4 million⁵ of annual rental property income
- + On average, new leases are subject to higher annual reviews than the existing leases with a significant opportunity for income growth given the level of underrenting in the US, Australia, New Zealand, Europe and the UK
- + Weighted average lease expiry (WALE) of 5.4 years⁵, (up from 5.2 years at 30 June 2022). This continues to increase as developments are completed.

Development – WIP grows to \$13.9 billion, with 99.8% leased on completion

Development earnings have increased 7% from 1H22 to \$602 million. The volume of development work and production rate have both increased since the same time last year, as customers continue to look for sustainable, efficient properties, that are close to consumers and optimised to house their investments in automation and technology. As a result, 99.8% of the completed projects are leased.

Customers continue to seek to secure space in our development projects on long leases, with WALE for completed projects at 12.5 years and 15.7 years for commencements. The new leases, which typically have substantially longer terms than existing leases, are attracting higher structured rental increases throughout the term than previously.

The value, scope and complexity of projects are increasing. We remain focused on regeneration of existing land and buildings, with more than 50% of our workbook on brownfield sites. Intensification is also occurring with the development of multi-storey projects which also make up more than 50% of WIP. These initiatives enhance value and reduce our impact on the environment.

Key highlights include:

- + WIP of \$13.9 billion with annual production rate at approximately \$7 billion
- + 85 projects in WIP in 12 countries, covering 3.9 million sqm
- + Development yield on cost of 6.4% for projects in WIP, 6.3% for commencements
- + Occupancy on completed projects of 99.8% and 81% of commencements are pre-leased
- + WALE of 14.0 years for projects in WIP with 68% pre-committed.

Management – strong growth in AUM through ongoing development and revaluations

External assets under management are up 18% on 1H22 at \$75.5 billion with growth primarily coming from development completions, valuations and acquisitions. The Partnerships completed \$2.9 billion of acquisitions in the half, including sales from the Group to the Partnerships, and have \$18.1 billion of equity commitments, cash and debt available, incorporating completion of equity raisings and a Partnership extension in the past six months.

To meet investor demand, two new partnerships were established in 1H23. Management earnings are up 3% on 1H22 to \$264.7 million, driven by higher base fees and property service fees, with performance fees expected to be higher in the second half due to the timing of payment.

Key management highlights include:

- + External AUM of \$75.5 billion, up 18% on 1H22
- + Increasing number of Partnerships from 16 to 18
- + Average Partnership gearing of 17.5%
- + \$18.1 billion available in equity commitments⁴, cash and debt.

Environmental, social, governance – taking action

Goodman is determined to deliver tangible outcomes that will have a measurable and meaningful impact on the business, the environment and the wider community.

A key area is the reduction of carbon emissions, having had our science-based targets validated by the Science Based Targets initiative. Goodman is working with our customers and suppliers to help achieve our reduction targets. Our global solar installations and commitments are increasing, are expected to reach 264 MW in FY23, and we are on track to meet our 400MW target by 2025. We are also measuring the embodied carbon in our developments using a life cycle assessment (LCA) approach that creates carbon baselines which help us to identify reduction opportunities.

Key ESG highlights include:

- + On track to reach 65% renewable electricity in use globally within Goodman's direct operations in FY23
- + Remain committed to being a Carbon Neutral Organisation as certified by Climate Active last year for our global operations
- + Strong performance in Global Real Estate Sustainability Benchmark (GRESB). Goodman Group maintained its 'A' rating for its ESG disclosure and achieved high rankings for several Partnerships
- + Maintained position as a top ESG performer by Sustainalytics, with an overall ESG risk rating of 'Negligible' ESG Risk
- + The Goodman Foundation contributed \$7.8 million to community causes in 1H23, including \$121k raised directly by staff.

Outlook – Strategic locations support positive outlook

Commenting on the outlook, Greg Goodman said:

"The Group is in a strong position operationally and financially through the consistent execution of our strategy. Maintaining a strong balance sheet and retaining income provides significant liquidity and financial resources for growth and the ability to optimise returns in the current environment.

Customers across a wide range of sectors are seeking increased productivity from their supply chains. In addition, the ongoing growth in data storage is seeing data centres increasingly competing for space in our markets.

The general economic outlook is uncertain, however our portfolio is in high demand, rents are growing, development activity and margins are healthy, and we continue to attract capital from our Partners. The Group expects to achieve full year OEPS growth of 13.5% compared to the previous guidance of 11%.

The distribution for FY23 is forecast to remain at 30.0 cents per security given the attractive opportunity to deploy retained earnings into investments and development inventory. The distribution forecast is also consistent with our preference to maintain gearing in the lower half of the Group's Financial Risk Management policy range of 0-25%, in the near term."

Goodman sets its targets annually and reviews them regularly. Forecasts are subject to there being no material adverse change in market conditions, or the occurrence of other unforeseen events.

– ENDS –

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About Goodman

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom, North America and Brazil. Goodman Group, comprised of the stapled entities Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited, is the largest industrial property group listed on the Australian Securities Exchange and one of the largest listed specialist investment managers of industrial property and business space globally.

Goodman's global property expertise, integrated own+develop+manage customer service offering and significant investment management platform helps create innovative property solutions that meet the individual requirements of its customers, while seeking to deliver long-term returns for investors.

For more information visit: www.goodman.com



¹ Operating profit comprises profit attributable to Securityholders adjusted for property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items.

² Operating EPS is calculated using operating profit and weighted average diluted securities of 1,888.1 million which includes 12.1 million LTIP securities which have achieved the required performance hurdles and will vest in September 2023 and September 2024.

³ Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$112.6 million (30 June 2022: \$133.3 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$59.7 million (30 June 2022: \$79.6 million).

⁴ Partnership investments are subject to Investment Committee approval.

⁵ Partnership industrial and warehouse assets (excludes office properties which have been earmarked for redevelopment) and represents 97% of Partnership assets.

GOODMAN GROUP 1H23 RESULTS



Goodman Group upgrades operating EPS growth guidance to 13.5% following strong 1H23 performance



Goodman Business Park, Greater Tokyo, Japan

IMPORTANT NOTICE AND DISCLAIMER

- This document has been prepared by Goodman Group (Goodman Limited (ABN 69 000 123 071), Goodman Funds Management Limited (ABN 48067 796 641; AFSL Number 223621) as the Responsible Entity for Goodman Industrial Trust (ARSN 091 213 839) and Goodman Logistics (HK) Limited (Company Number 1700359; ARBN 155 911 149 – A Hong Kong company with limited liability)). This document is a presentation of general background information about the Group's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with the Goodman Group Financial Report for the half year ended 31 December 2022 and Goodman Group's other announcements released to ASX (available at www.asx.com.au). It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with professional advice, when deciding if an investment is appropriate.
- This Presentation uses operating profit and operating earnings per security (EPS) to present a clear view of the underlying profit from operations. Operating profit comprises profit attributable to Securityholders adjusted for profit on disposal of investment properties, net property valuations gains, non-property impairment losses, net gains/losses from the fair value movements on derivative financial instruments and unrealised fair value and foreign exchange movements on interest bearing liabilities and other non-cash adjustments or non-recurring items e.g. the share based payments expense associated with Goodman's Long Term Incentive Plan (LTIP). A reconciliation to statutory profit is provided in summary on page 10 of this Presentation and in detailed on page 6 of the Directors' Report as announced on ASX and available from the Investor Centre at www.goodman.com.
- The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable in the circumstances.
- This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance as well as expectations, objectives and assumptions in our climate change and sustainability related statements are also forward-looking statements. Due care and attention has been used in the preparation of forecast information.
- Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Neither the Group, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking-statements in this document will actually occur. Past performance of any product described in this document is not a reliable indication of future performance
- Due to the inherent uncertainty and limitations in measuring greenhouse gas (GHG) emissions and operational energy consumption under the calculation methodologies used in the preparation of such data, GHG emissions and operational energy consumption data or references to GHG emissions and operational energy consumption volumes (including ratios or percentages) may include estimates.
- This document does not constitute an offer, invitation, solicitation, recommendation, advice or recommendation with respect to the issue, purchase, or sale of any stapled securities or other financial products in the Group.
- This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended (Securities Act) (US Person)). Securities may not be offered or sold in the United States or to US Persons absent registration or an exemption from registration. The stapled securities of Goodman Group have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States.

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Artist's impression – Burrows Industrial Estate, Sydney, Australia



01

HIGHLIGHTS

HIGHLIGHTS

The consistent execution of our strategy, focus on infill locations and the positioning of our portfolio is supporting leasing, development activity, rental growth and assets under management.



\$877m
OPERATING PROFIT



\$13.9bn
WORK IN PROGRESS

- + The Group has delivered a strong 1H23 result. The continued execution of our development workbook and accelerating rental growth in our markets has underpinned cash flows and is supporting valuation uplift, and assets under management (AUM) growth despite expanding cap rates
- + Key financial metrics for the period include:
 - Operating profit¹ of \$877 million, up 11.5% on 1H22
 - Statutory profit of \$1,097 million
 - Revaluation gains of \$1,376 million across the Group and Partnerships
 - Group NTA up 6% to \$8.87 per security on FY22
 - Operating earnings per security (EPS)² of 46.4 cents, up 10.7% on 1H22
 - Gearing at 9.7%³ (8.5% at FY22) and 20.7% on a look-through basis and Interest Cover Ratio (ICR) of 49.7x (look-through 14.9x).
- + Our customers need for more productivity and sustainability from their supply chains is driving current and future requirements in our markets. The barriers to entry in our locations are increasing due to movements in capital markets and ongoing regulatory changes. We are well positioned to adapt to these challenges.
 - Development work in progress (WIP) has remained strong at \$13.9 billion and the average annual production rate maintained at ~\$7 billion
 - WIP is 68% pre-committed with an average 14 year weighted average lease expiry (WALE)
 - WIP yield on cost (YOC) of 6.4% and commencements YOC for the half of 6.3%
 - The majority of our development activity is focused on regeneration of brownfield sites which includes a significant multi-storey component.
- + The Group and Partnerships continue to grow through development completions and acquisitions, with strong rent growth supporting valuations, offsetting the effect of expanding cap rates
 - Total AUM up 17% to \$79.5 billion and external AUM up 18% on 1H22 to \$75.5 billion
 - Acquisitions of \$2.9 billion completed by the Partnerships in the half including sales from Goodman to the Partnerships
 - Despite cap rates across Asia remaining stable, they have expanded 28bps on average across the Group and Partnerships for the six months to December 2022. Largest movements were in UK / Europe (+100bps) and New Zealand (+42bps)
 - While further cap rate volatility may continue in the near term, rental growth is also likely to continue, particularly in Australia and the US
 - Reopening of the borders in China and Hong Kong could provide a catalyst for rental growth in those markets.

1. Operating profit comprises profit attributable to Securityholders adjusted for property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items

2. Operating EPS is calculated using operating profit and weighted average diluted securities of 1,888.1 million which includes 12.1 million LTIP securities which have achieved the required performance hurdles and will vest in September 2023 and September 2024

3. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$112.6 million (30 June 2022: \$133.3 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$59.7 million (30 June 2022: \$79.6 million).

HIGHLIGHTS

- + **Location driving strong underlying investment fundamentals**
 - Continued high occupancy at 99.0%
 - Like-for-like net property income (NPI) growth of 4.2%
 - WALE of 5.4 years as new developments stabilise and customers look to invest in facilities and secure space for longer periods
- + **Market rental growth has accelerated in most markets, driven by continued short supply and desire for better locations to improve productivity. Consequently, rent reversion to market across our portfolio has continued to expand, despite a slowdown in economic activity**
 - North America ~57%
 - Australia and New Zealand ~24%
 - Continental Europe and the UK ~17%
 - Asia ~3%
- Higher increases from CPI-linked reviews and market reversion should positively impact NPI growth in the near term (all else being equal)
- + **The Group continues to execute its 2030 Sustainability Strategy**
 - Our broad range of initiatives see us continuing to work with our customers and suppliers to increase the productivity and sustainability of our buildings, including the use of low carbon materials
 - Goodman again performed strongly in the Global Real Estate Sustainability Benchmark (GRESB). Ten entities made submissions. We maintained our “A” rating for ESG disclosure and four vehicles were awarded 5 star ratings. Goodman Japan Core Partnership ranked #1 in its peer group for standing investments and three vehicles ranked #1 in the Development Benchmark.

- + **Capital management continues to support growth with significant investment capacity**
 - Low gearing maintained at 9.7%
 - Significant available liquidity of over \$2.8 billion (excludes available equity commitments¹, cash and undrawn debt of \$18.1 billion in Partnerships)
- + **While economic conditions vary globally, our portfolio remains almost fully leased, and development margins and activity continue to be robust. The business is performing better than originally anticipated. As a result, the Group expects to achieve full year OEPS growth of 13.5% compared to the previous guidance of 11%.**
- + **The forecast distribution for FY23 remains at 30.0 cents per security given the attractive opportunity to deploy retained earnings into investments and development inventory. The distribution forecast is also consistent with our preference to maintain gearing in the lower half of the Group’s Financial Risk Management policy range of 0-25% in the near term.**



\$79.5bn

TOTAL AUM



\$1.4bn

REVALUATION GAINS

1. Partnership investments are subject to Investment Committee approval

GROUP AND PARTNERSHIP HIGHLIGHTS

OWN

99%

OCCUPANCY

High occupancy maintained at 99.0%¹ and WALE of 5.4 years¹

4.2%

NPI GROWTH

Like for like NPI growth at 4.2%¹

3.7m

SQUARE METRES LEASED

Across the global portfolio equating to \$484 million of annual rental property income¹

9.7%

GEARING

Headline gearing of 9.7%, with look through gearing of 20.7%



DEVELOP

\$13.9bn

WORK IN PROGRESS

In 12 countries across 85 projects with a forecast yield on cost of 6.4%

82.5%

IN PARTNERSHIPS

83% of current WIP is being undertaken within Partnerships or for third parties

\$3.6bn

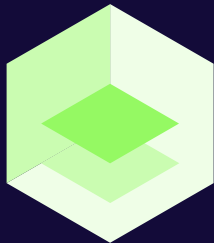
DEVELOPMENT COMMENCEMENTS

with 81% pre-committed

\$3.6bn

DEVELOPMENTS COMPLETIONS

with 99.8% committed



MANAGE

\$1.4bn

VALUATION GROWTH

Across the Group and Partnerships. Global WACR softened 28bps to 4.2%

\$79.5bn

TOTAL AUM

with external AUM increasing to \$75.5 billion, up 18% on 1H22

\$18.1bn

AVAILABLE LIQUIDITY

across the Partnership platform, comprising equity commitments, cash and undrawn debt

17.5%

PARTNERSHIP GEARING

Average Partnership gearing of 17.5%



ESG

CARBON

SCIENCE-BASED-TARGETS

Our scope 1, 2 and 3 GHG emissions reduction targets were validated by the Science Based Targets initiative

264MW

SOLAR PV SYSTEMS

Expected to reach 264MW solar installations and commitments by FY23

AA

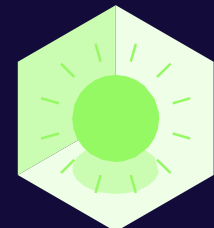
RATING

Achieved a MSCI ESG rating of 'AA', and maintained a Negligible ESG Risk rating of 9.7 using Sustainalytics new methodology

\$7.8m

GOODMAN FOUNDATION

Contributed \$7.8 million to community and philanthropic including \$0.2m raised directly by employees





Goodman Beijing Southgate Industrial Estate, Beijing, China

02

RESULTS OVERVIEW

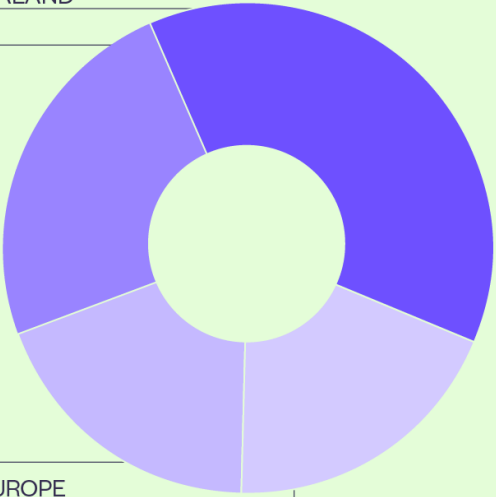
RESULTS OVERVIEW

- + Cash backed operating profit of \$876.5 million up 11.5% on 1H22
- Continued strong contribution from development activity
- + Statutory accounting profit of \$1,097.0 million
- Includes property valuation gains, derivative and foreign currency mark-to-market movements and other non-cash, non-recurring items
- + Operating EPS¹ of 46.4 cents¹ per security, up 10.7% on 1H22
- + DPS of 15.0 cents per security for 1H23
- + Net tangible assets increased to \$8.87 per security.

OPERATING EARNINGS BY GEOGRAPHIC SEGMENT

● 38% AUSTRALIA / NEW ZEALAND

● 24% AMERICAS



● 19% ASIA

● 19% UK / CONTINENTAL EUROPE

	1H22	1H23
Operating profit (\$M)	786.2	876.5
Statutory accounting profit (\$M)	2,002.8	1,097.0
Operating EPS (cents) ¹	41.9	46.4
Distribution per security (cents)	15	15

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2022
NTA per security (\$)	8.37	8.87
Gearing (balance sheet) (%) ²	8.5	9.7
Available liquidity (\$B)	2.8	2.8
WACR (look through) (%)	4.0	4.2

1. Operating profit and operating EPS comprises profit attributable to Securityholders adjusted for property and valuations, derivative and foreign currency mark-to-market and other non-cash or non-recurring items and calculated based on weighted average securities of 1,888.1 million which includes 12.1 million LTIP securities which have achieved the required performance hurdles and will vest in September 2023 and September 2024.
2. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$112.6 million (30 June 2022: \$133.3 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$59.7 million (30 June 2022: \$79.6 million).

PROFIT AND LOSS

- + Half year statutory accounting profit of \$1,097 million, which includes property valuations, derivative mark-to-markets and other non-cash or non-recurring movements
 - Revaluation gains for 1H23 across the Group and Partnerships were \$1.4 billion, driven primarily by rent growth and development completions, that more than offset the effect of higher cap rates. The Group's share was \$0.6 billion
- + Strong half year operating profit of \$877 million
 - Property investment earnings up due to higher stabilised AUM, growth in rents, acquisitions and development completions across the Partnerships
 - Management earnings of \$264.7 million driven by higher base fees and property service fees
Lower performance related income recognised in 1H23 due to timing of payment dates
 - Development earnings of \$602.4 million with continued strong margins and production rate
 - Operating expenses down due to timing differences and expected to normalise on a full year basis
 - Decrease in net interest expense driven by higher interest income, higher capitalised interest and FX benefit on hedges to offset the EBIT translation related reduction in revenues (mainly in development revenue)
 - Tax expense up due to higher profitability and composition of earnings.

Income statement

	1H22 \$M	1H23 \$M
Property investment	234.0	260.1
Management ¹	258.2	264.7
Development ¹	568.2	602.4
Operating expenses	(196.1)	(179.6)
Operating EBIT²	858.9	947.6
Net borrowing costs	(20.7)	(1.0)
Tax expense	(52.0)	(70.1)
Operating profit	786.2	876.5
Weighted average securities (million) ³	1,876.0	1,888.1
Operating EPS (cps)	41.9	46.4
Non operating items⁴		
Property valuation related movements	1,542.3	439.9
Fair value adjustments and unrealised foreign currency exchange movements related to capital management	(119.5)	(101.4)
Other non-cash adjustments or non-recurring items	(206.2)	(118.0)
Statutory profit	2,002.8	1,097.0

1. Fee revenues from single contractual arrangements involving a combination of inextricable Investment Management and Development Management services and recognised over the life of the underlying developments projects are classified as development income for statutory reporting purposes. During the period \$41.9 million (1H FY22: \$38.6 million) of such income was recognised.

2. Look through Operating EBIT is \$1,036.1 million and reflects \$88.5 million adjustment to GMG proportionate share of Partnerships interest and tax (1H FY22: \$920.9 million)

3. Includes 12.1 million securities which have achieved the required performance hurdles and will vest in September 2023 and September 2024 (1H FY22: 15.5 million)

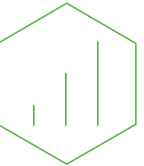
4 Refer slide 25.

BALANCE SHEET

- + Strong balance sheet maintained
- Gearing 9.7%⁴ (8.5% in FY22) and 20.7%⁵ on a look-through basis
- + Reduction in the directly owned portfolio reflects the net impact of asset sales and development completions
- + Growth in Group share of Partnership investments due to development completions, equity contributions and revaluations
- + Development holdings increased with the growth in activity levels
- + Total property revaluations across the Group and Partnerships of \$1.4 billion with Goodman's share \$0.6 billion
- NTA increased 6% to \$8.87 per security since June 2022.



\$1.4bn
1H23 REVALUATION
GAINS



6%
INCREASE IN NTA
PER SECURITY

Balance sheet

	AS AT 30 JUNE 2022 \$M	AS AT 31 DECEMBER 2022 \$M
Stabilised investment properties	2,387	2,075
Partnership investments ¹	11,904	13,772
Development holdings ²	4,455	4,674
Intangibles	795	819
Cash	1,056	982
Other assets	835	883
Total assets	21,432	23,205
Interest bearing liabilities	(2,832)	(3,174)
Other liabilities	(2,176)	(2,530)
Total liabilities	(5,008)	(5,704)
Net assets	16,424	17,501
Net asset value per security (\$) ³	8.79	9.31
Net tangible assets per security (\$) ³	8.37	8.87
Balance sheet gearing (%) ⁴	8.5	9.7

1. Includes Goodman's investments in its Partnerships and other investments

2. Includes inventories, investment properties under development and the Group's proportionate interest in development assets within the Partnerships and joint ventures

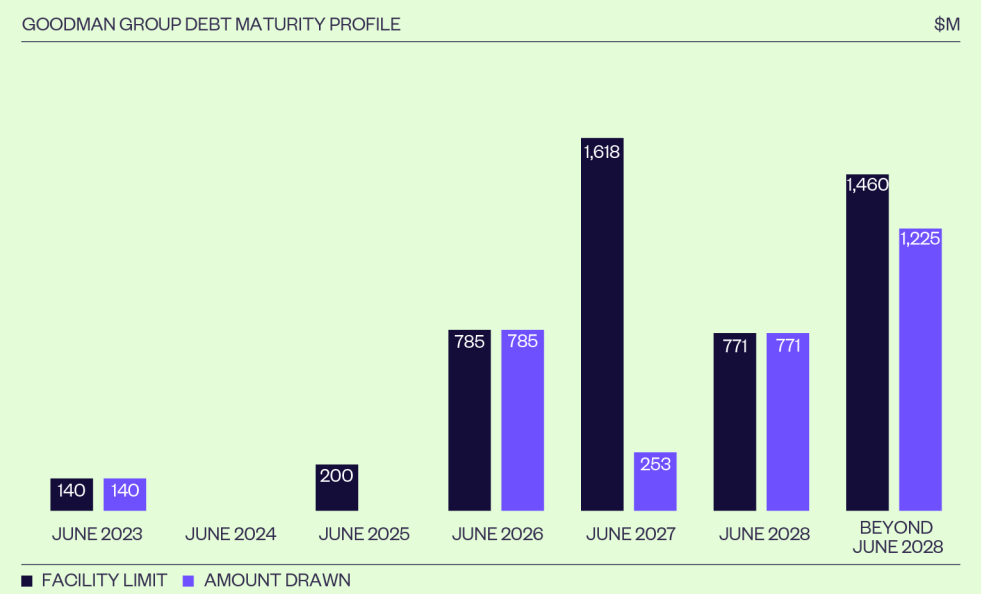
3. Based on 1,880.5 million securities on issue (30 June 2022: 1,868.2 securities on issue)

4. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$112.6 million (30 June 2022: \$133.3 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$59.7 million (30 June 2022: \$79.6 million)

5. Look through gearing includes the proportionate consolidation of gross assets and liabilities of equity accounted investments.

GROUP LIQUIDITY POSITION

- + Cash and available lines of credit (excluding Partnership debt and equity) of \$2.8 billion as at 31 December 2022
 - \$1.0 billion in cash, \$1.8 billion of available lines
 - Weighted average debt maturity profile of 5.8 years
- + Gearing at 9.7%¹ (20.7%² look-through). Consistent with previous guidance, the Group has an ongoing desire to remain in the lower half of the 0-25% Financial Risk Management policy range in the near-term given the quantity of development being undertaken
 - Provides substantial headroom to financial covenants, Interest Cover Ratio (ICR) 49.7x (look-through 14.9x)
 - The Group is continuing to pursue a development led strategy. Profitability remains attractive from these activities and as a result, more capital is being allocated to development and Partnership investments on a consistent basis
 - Forecast distribution for FY23 remains at 30.0 cents per security given this opportunity to deploy retained earnings and is in keeping with the Group's Financial Risk Management policy objectives
- + Stable and sustainable investment grade credit ratings
 - BBB+ / Baa1 from S&P and Moody's respectively
- + The Group and Partnerships have low leverage and appropriate interest rate hedging and fixed rate debt in place. On a look-through basis, 73% is fixed or hedged for one year and on average 66% over three years with average hedge duration of 4.3 years.



\$2.8bn
LIQUIDITY



9.7%¹
GEARING

1. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$112.6 million (30 June 2022: \$133.3 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$59.7 million (30 June 2022: \$79.6 million).

2. Based on \$5.5 billion net debt on \$26.5 billion net assets of Group and proportionate share of Partnerships

3. Interest cover is operating profit before net finance expense (operating) and income tax (operating) divided by net finance expense (operating). The calculation is in accordance with the financial covenants associated with the Group's unsecured bank loans and includes certain adjustments to the numerator and denominator, including reversing the impacts of the new lease accounting standard.



03

OPERATIONAL PERFORMANCE

ENVIRONMENTAL, SOCIAL AND GOVERNANCE



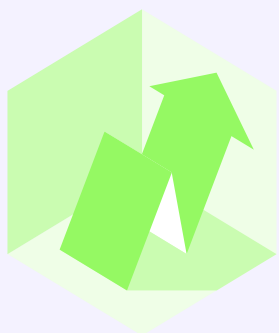
PROPERTY

- + Goodman has committed to monitor and disclose progress towards our science-based emissions reduction targets validated by the SBTi
- + Our global solar installations and commitments increased by 61MW. We are expecting to reach 264 MW in FY23 and are on track to meet our 400MW target by 2025
- + We're on track to reach 65% renewable electricity use globally within Goodman's direct operations in FY23
- + On track to remain carbon neutral for our global operations in FY23, following our achievement as a Carbon Neutral Organisation by Climate Active last year
- + We're measuring the embodied carbon in our developments using a life cycle assessment (LCA) approach, creating carbon baselines which helps identify reduction opportunities, and working with our customers and suppliers to help reduce embodied emissions.



PEOPLE AND CULTURE

- + Reached a gender ratio of 44% female and 56% male with 30% senior female executives
- + Zero fatalities on construction projects controlled by our Principal Contractors so far during FY23, following zero fatal accidents in FY22
- + We are progressing with our Reflect Reconciliation Action Plan (RAP) and actively engaging with First Nations organisations, including cultural immersion opportunities and building relationships with Local Land Councils in the areas where we operate.



CORPORATE PERFORMANCE

- + In the 2022 Global Real Estate Sustainability Benchmark (GRESB), Goodman Group maintained its 'A' rating for its ESG disclosure and achieved the maximum 5 stars for four Goodman Partnerships, and Regional Sector Leader for the Goodman Australia Partnership
- + Contributed \$7.8 million to community and philanthropic causes including \$0.2 million raised directly by staff
- + Maintained a 'Negligible' ESG risk rating of 9.7 in the Sustainalytics ESG assessment reflecting our robust management of ESG factors
- + Achieved a MSCI ESG rating of 'AA', the 2nd highest category.

PROPERTY INVESTMENT

- + Property fundamentals remain strong throughout the portfolio supporting occupancy, rent growth and positive re-valuations
 - Portfolio occupancy of 99.0%¹
 - 12 month rolling like-for-like net property income growth of 4.2%¹
 - WALE of 5.4¹ years, and continues to increase as developments are completed
- + Direct income reflects the net impact of asset sales during the period, and higher income in the prior period given assets held for sale post development
 - \$0.9 billion of total equity invested into Partnerships in 1H23
 - Income return across Direct and Partnership investments at ~3.5%
 - On average, new leases are subject to higher annual reviews than the existing leases with a significant opportunity for income growth given the level of under-renting in the US, Australia, New Zealand, Europe and the UK
- + The location of our global portfolio and consequently strong rental growth, is supporting valuations despite rising cap rates
 - 28 bps increase in WACR to 4.2% over the period. The largest movements were in the UK, Europe and NZ, while Asia remained stable
 - Valuations across the Group and Partnerships increased \$1.4 billion, with Goodman's share at \$0.6 billion.

 **99.0%**
OCCUPANCY

 **4.2%**
WACR

Property investments

	1H22	1H23
Direct (\$M)	52.6	49.6
Partnership investments (\$M)	181.4	210.5
Property investment earnings (\$M)	234.0	260.1

Key metrics

	1H22	1H23
WACR (%)	4.0 ³	4.2 ³
WALE (yrs)	4.9 ²	5.4 ¹
Occupancy (%)	98 ²	99 ¹

- 1. Partnership industrial and warehouse assets (excludes office properties which have been earmarked for redevelopment) and represents 97% of Partnership assets
- 2. Key metrics relate to managed Partnership properties
- 3. Key metrics relate to Goodman and managed Partnership properties



Amazon – Oakdale West Industrial Estate, Sydney, Australia

DEVELOPMENT

- + Our customers continue to focus on maximising productivity from their space and are looking for sustainable, efficient properties that are close to consumers and optimised to house their investments in automation and technology
- Growth in WIP to \$13.9 billion
- Large scale and higher value projects have seen the average development period for projects in WIP remain high at 23 months
- Annual production rate is approximately \$7 billion and is expected to average around these levels for FY23
- As at 31 December 2022, the Group had properties with conditional contracts for sale with cumulative revaluation gains of \$252 million. These gains will be reflected in the operating profit when the transactions are completed but will have no impact on statutory profit
- + Strong development metrics reflect the quality of our workbook focused on infill locations
- Completed projects are averaging 99.8% leased, reflecting the desirability of our sites and customer demand
- Development yield on cost on WIP of 6.4%, providing continued strong margins and a buffer to rising cap rates
- + The Group maintains strong risk mitigation strategies for development through:
 - Strong locational strategies in tight, supply constrained infill markets, and a globally diversified workbook across 85 projects
 - Strong project and cost management
 - Investment partnering with 83% of the WIP either pre-sold or being built for third parties or our Partnerships
 - 81% of commencements in the period are pre-leased
- + We remain focused on regeneration of existing land and buildings, enhancing value through intensification, while adding to our portfolio of opportunities incrementally, supporting future development work in constrained markets and reducing our impact on the environment.

Developments

	1H22	1H23
Development earnings (\$M)	562.8	602.4

Key metrics

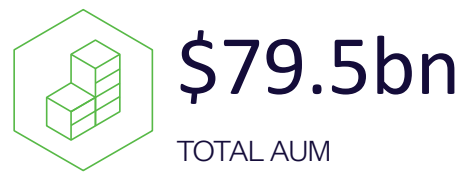
	1H22	1H23
Work in progress (\$B)	12.7	13.9
Work in progress (million sqm)	3.4	3.9
Number of developments	81	85
Development for third parties or Partnerships (%)	89	83
Committed (%)	63	68
Yield on cost (%)	6.7	6.4

Work in progress (end value)

	\$B
Opening (June 2022)	13.6
Completions	(3.6)
Commencements	3.6
FX and other	0.3
Closing (December 2022)	13.9

MANAGEMENT

- + Total AUM up to \$79.5bn, with external AUM of \$75.5 billion, up 18% on 1H22
 - Driven primarily by developments, acquisitions, revaluation gains and FX
 - Strong rental growth in several markets and rental reversion to market globally has continued to support valuations
 - Development activity which is expected to continue contributing strongly to AUM growth
- + Management earnings up 3% on 1H22
 - Increased AUM reflected in higher base management fees
 - \$42m of performance fees in 1H23 (\$74m 1H22), but skewed to 2H23
 - Overall management fees for the full year in line with previous commentary around 90-100bps of external stabilised AUM (\$68.3bn as at 31 December 2022)
- + Partnerships remain well funded to take advantage of growth opportunities
 - \$18.1 billion of equity commitments¹, cash and undrawn debt available across the Partnership platform
 - Completed establishment of a \$716m Partnership in Australia
 - Including extension of a major Asian Partnership (\$2.4bn external equity)
 - Completion of €450m raising in Europe
 - \$7.5 billion in undrawn debt facilities and cash

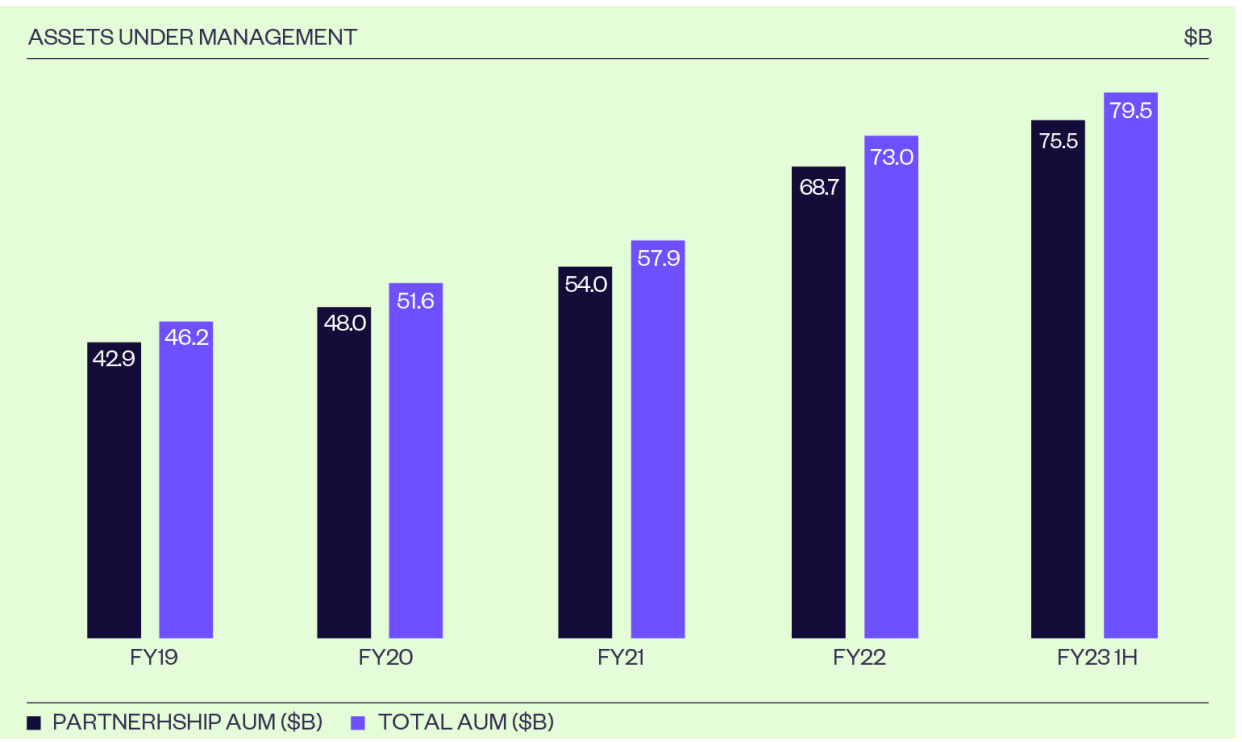


Management

	1H22	1H23
Management earnings (\$M)	258.2	264.7

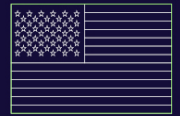
Key metrics

	1H22	1H23
Number of Partnerships	16	18
External AUM (\$B)	64.1	75.5



1. Partnership investments are subject to Investment Committee approval

MANAGEMENT PLATFORM

								
GAIP AUSTRALIA	GHKLP HONG KONG	GNAP USA	GCLP CHINA	GAP AUSTRALIA	GEP EUROPE	GMT³ NEW ZEALAND	GJCP JAPAN	GUKEP⁴ UK

Total assets (\$B)	15.2	12.3	9.8	7.2	7.0	6.7	4.7	4.3	2.5
GMG co-investment (%)	28.6	20.4	55.0	20.0	19.9	19.8	24.9	14.4	34.6
GMG co-investment (\$B)	3.4	1.9	4.5	0.9	1.1	0.8	0.9	0.4	0.7
Number of properties	108	16	26	36	37	105	15	19	15
Occupancy ¹ (%)	97	100	100	96	99	99	100	99	98
Weighted average lease expiry ¹ (years)	4.5	5.2	8.1	3.8	4.3	5.7	6.4	3.7	8.0
WACR (%)	4.1	3.8	4.2	5.3	4.0	4.4	4.6	3.9	4.9
Gearing ² (%)	8.6	18.9	13.6	13.1	16.8	22.9	23.2	29.4	19.3
Weighted average debt expiry (years)	3.9	4.3	6.0	2.9	3.5	4.4	4.4	4.2	2.9

1. WALE and occupancy of stabilised portfolio as at 31 December 2022

2. Gearing calculated as total interest bearing liabilities over total assets, both net of cash

3. GMT: Results are as at 30 September 2022 as reported to the New Zealand Stock Exchange

4. Consists of GUKP1, GUKP2 and GUKP3.



04

OUTLOOK



Global markets remain volatile, but our focus on key locations is providing resilience and supporting a positive outlook for the business

- + Goodman's execution of its long-term strategy and geographic diversity provides operational flexibility and resilience to adapt to the current market volatility
- + The requirement for efficient supply chain solutions is broad based, with significant focus from retailers, e-commerce operators, consumer focused companies and 3PL's. In addition, the ongoing growth in data storage, is seeing data centres increasingly competing for space in our markets.
- + Continued high utilisation of available space and the desire for increased productivity is driving customer demand for infill locations. As a result of concentrating our portfolio in these markets, we continue to experience high occupancy and positive rental growth
- + We remain focused on our development led strategy, which is providing access to well located assets for the Group and our partners
 - Our development book is diversified globally and across 85 projects with the production rate expected to average approximately \$7.0 billion for the year
 - Development earnings are also a function of the proportion developed on the Group's balance sheet and within the Partnerships. The Group's significant financial capacity provides flexibility to pursue opportunities as appropriate.
- + Scarcity of land and an increased focus on reducing greenfield development is driving increased intensity of use from existing sites. This is providing value add opportunities through multi-storey logistics, data centres, and other commercial uses in our locations and contributes to attractive margins
 - Opportunities for the regeneration of existing assets are growing and continue to be a focus. This both supports our future development workbook and reduces our impact on the environment
 - We continue to selectively pursue tightly held, strategic, large scale development sites and value add opportunities where appropriate.

OUTLOOK

- + The Partnerships are in a robust financial position, and we believe the outlook remains positive with rental growth, occupancy and development (including intensification of use) supporting valuations
 - Continued investor appetite for logistics real estate remains strong relative to other asset classes
 - + We also expect AUM growth to continue, driven primarily by development activity, acquisitions and rental growth, offsetting cap rate expansion
 - Cap rates have expanded, with the largest moves in the UK, Europe and New Zealand. Asia is seeing limited pressure. While there is scope for further volatility in some markets, we believe on average, that rental growth is likely to support valuations
 - + We continue to generate value through our development work book and expect to see ongoing value enhancement to the assets and contribution to AUM.
- + While the economic outlook is uncertain, the Group is in a strong position operationally and financially through the disciplined execution of our strategy. We continue to proceed with caution in light of market conditions. Maintaining a strong balance sheet and retaining income provides significant liquidity, stability and financial resources for growth and agility to optimise returns in the current environment
 - + The business is performing strongly, our portfolio remains almost fully leased, rental growth continues, and development margins and activity are robust. The business is performing better than originally anticipated. As a result, the Group expects to achieve full year OEPS growth of 13.5% compared to the previous guidance of 11%.
 - + Forecast distribution for FY23 remains at 30.0 cents per security given the attractive opportunity to deploy retained earnings into investments and development inventory and is in keeping with the Group's Financial Risk Management policy objectives
 - The Group sets targets annually and reviews forecasts regularly. Forecasts are subject to there being no material adverse change in the market conditions or the occurrence of other unforeseen events.



30.0¢

FORECAST
FY23 DPS



13.5%

FORECAST FY23 OPERATING
EPS GROWTH



01

APPENDIX

RESULTS ANALYSIS

PROFIT AND LOSS

Category	Total \$M	Property investment \$M	Management \$M	Development \$M	Operating expenses \$M	Non-operating items \$M
Gross property income	66.3	64.7	–	–	–	1.6
Management income	222.8	–	222.8	–	–	–
Development income ¹	729.9	–	41.9	688.0	–	–
Net gain from fair value adjustments on investment properties	56.2	–	–	163.0	–	(106.8)
Net loss on disposal of investment properties	(0.1)	–	–	(0.1)	–	–
Share of net results of equity accounted investments	818.3	210.5	–	25.0	–	582.8 ²
Total income¹	1,893.4	275.2	264.7	875.9	–	477.6
Property and development expenses	(288.6)	(15.1)	–	(273.5)	–	–
Employee, administrative and other expenses	(302.5)	–	–	–	(179.6)	(122.9)
EBIT / Segment operating earnings	1,302.3	260.1³	264.7³	602.4³	(179.6)	354.7
Net gain from fair value adjustments on investment properties	(56.2)	–	–	–	–	(56.2)
Share of net gain from fair value adjustments on investment properties, unrealised derivative gains and non-recurring items within associates and JVs	(605.4)	–	–	–	–	(605.4)
Realisation of prior years' property valuation gains, net of deferred tax	185.6	–	–	–	–	185.6
Straight lining of rental income	(1.6)	–	–	–	–	(1.6)
Share based payments expense	122.9	–	–	–	–	122.9
Operating EBIT⁴ / Segment operating earnings	947.6	260.1	264.7	602.4	(179.6)	–
Net finance expense (statutory)	(100.7)	–	–	–	(100.7)	–
<i>Add: fair value adjustments on derivative financial instruments</i>	99.7	–	–	–	99.7	–
Net finance expense (operating)	(1.0)	–	–	–	(1.0)	–
Income tax expense (statutory)	(104.6)	–	–	–	(104.6)	–
<i>Add: deferred tax on fair value adjustments on investment properties</i>	31.1	–	–	–	31.1	–
<i>Add: deferred tax on other non-operating items</i>	3.4	–	–	–	3.4	–
Income tax expense (operating)	(70.1)	–	–	–	(70.1)	–
Operating profit available for distribution	876.5	260.1	264.7	602.4	(250.7)	–
Net cash provided by operating activities⁵	515.6					

1. Fee revenues from single contractual arrangements involving a combination of inextricable Investment Management and Development Management services and recognised over the life of the underlying developments projects are classified as development income for statutory reporting purposes. During the period \$41.9 million (1H FY22: \$38.6 million) of such income was recognised.

2. Includes share of associate and joint venture property valuation gains of \$600.4 million, realisation of prior years' property valuation gains of \$(22.6) million, share of fair value adjustments of derivative financial instruments in associates and joint ventures of \$(1.7) million and other non-cash, non-recurring items within associates of \$6.7 million

3. Segment operating earnings is total income less property and development expenses (excludes employee, administrative and other expenses)

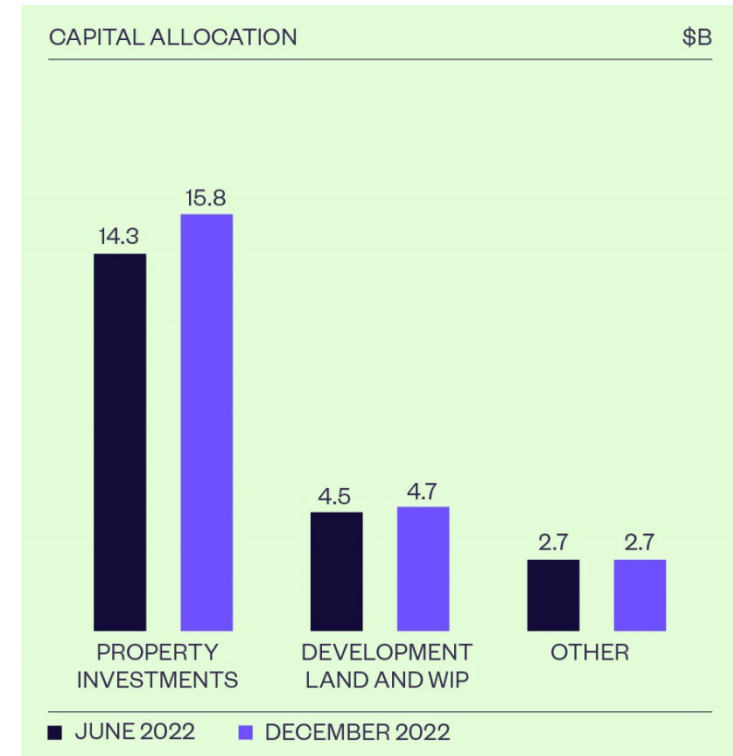
4. Look through Operating EBIT is \$1,036.1 million and reflects \$88.5 million adjustment to GMG proportionate share of Partnerships interest and tax (1H FY22: \$920.9 million)

5. Difference between operating profit and cash provided by operating activities of \$(360.9) million relates to:

- \$87.7 million development activities including capitalised and prepaid interest
- \$(188.8) million of development cashflows recognised in investment activities
- \$(32.5) million cash share of equity accounted income
- \$(227.3) million of other working capital movements.

FINANCIAL POSITION

As at 31 December 2022	Direct assets \$M	Property investment \$M	Development \$M	Other \$M	Total \$M
Cash	–	–	–	981.6	981.6
Receivables	–	–	245.1	267.0	512.1
Inventories	623.0	–	1,535.2	–	2,158.2
Investment properties	1,451.6	–	142.5	–	1,594.1
Investments accounted for using equity method	–	13,767.9	2,746.5	11.2	16,525.6
Intangibles	–	–	–	819.0	819.0
Other assets	–	4.1	4.7	605.9	614.7
Total assets	2,074.6	13,772.0	4,674.0	2,684.7	23,205.3
Interest bearing liabilities				(3,173.9)	(3,173.9)
Other liabilities				(2,530.0)	(2,530.0)
Total liabilities				(5,703.9)	(5,703.9)
Net assets/(liabilities)				(3,019.2)	17,501.4
Gearing¹%					9.7
NTA (per security)²\$					8.87
Australia / New Zealand	1,111.8	6,219.5	1,460.7	155.6	8,947.6
Asia	610.6	2,892.1	724.0	332.0	4,558.7
OE	294.1	877.4	864.3	578.2	2,614.0
UK	–	355.5	544.8	93.8	994.1
Americas	58.1	3,427.5	1,080.2	62.8	4,628.6
Other	–	–	–	1,462.3	1,462.3
Total assets	2,074.6	13,772.0	4,674.0	2,684.7	23,205.3



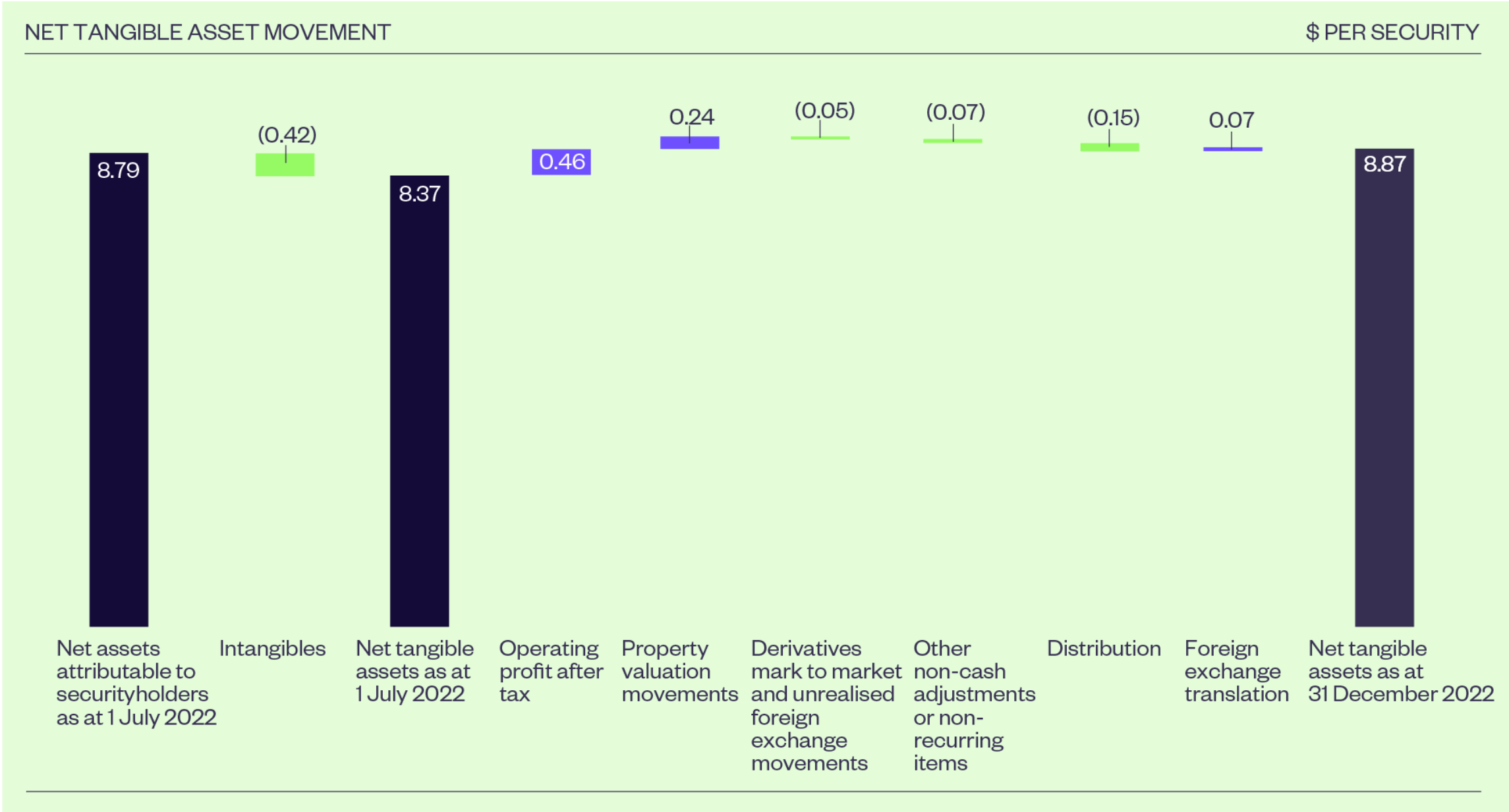
1. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$112.6 million (30 June 2022: \$133.3 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$59.7 million (30 June 2022: \$79.6 million).

2. Calculated based on 1,880.5 million securities on issue.

RECONCILIATION NON-OPERATING ITEMS

	Total \$M	Half year ended 31 December 2022 \$M
Non-operating items in statutory income statement		
Property valuation related movements		
Net gain from fair value adjustments attributable to investment properties	56.2	
Share of net gain from fair value adjustments attributable to investment properties in associates and joint ventures after tax	600.4	
Deferred tax on fair value adjustments on investment properties	(31.1)	
Realisation of prior years' property valuation gains, net of deferred tax	(185.6)	
Subtotal		439.9
Fair value adjustments and unrealised foreign currency exchange movements related to capital management		
Fair value adjustments on derivative financial instruments – GMG	(99.7)	
Share of fair value adjustments on derivative financial instruments in associates and joint ventures	(1.7)	
Unrealised foreign exchange loss	–	
Subtotal		(101.4)
Other non-cash adjustments or non-recurring items		
Share based payments expense	(122.9)	
Straight lining of rental income and tax deferred adjustments	4.9	
Subtotal		(118.0)
TOTAL		220.5

NET TANGIBLE ASSET MOVEMENT



PROPERTY VALUATIONS

- + Low supply and vacancy in our core markets has created a favourable occupational market which has supported the valuation growth over the half and offset the capitalisation rate softening
- + Market rental growth, development completions within the Partnerships and FX have been drivers of the valuation increase
- + The global portfolio cap rate has softened by 28bps to 4.2% over 1H23
- + Revaluation gains across the global portfolio for the half year totaled \$1.4 billion, with the Group's share \$621.8 million¹.

31 December 2022 property valuations (look through)

	Book value (GMG exposure)	Valuation movement since June 2022	WACR	WACR movement since June 2022
As at 31 December 2022	\$M	\$M ¹	%	%
Australia / New Zealand	10,029.5	371.8	4.2	0.3
Asia	5,389.2	125.9	4.3	-
UK / Continental Europe	3,690.8	-313.8	4.5	1.0
Americas	5,412.9	437.9	4.2	0.1
Total / Average	24,522.4	621.8	4.2	0.3

1. Excludes deferred taxes and other transfers of \$3.7 million.





Goodman Qingpu Centre, Qingpu, China

02

APPENDIX

PROPERTY INVESTMENT

LEASING



3.7m

SQM OF SPACE
LEASED



99.0%

OCCUPANCY

Across the Partnerships:

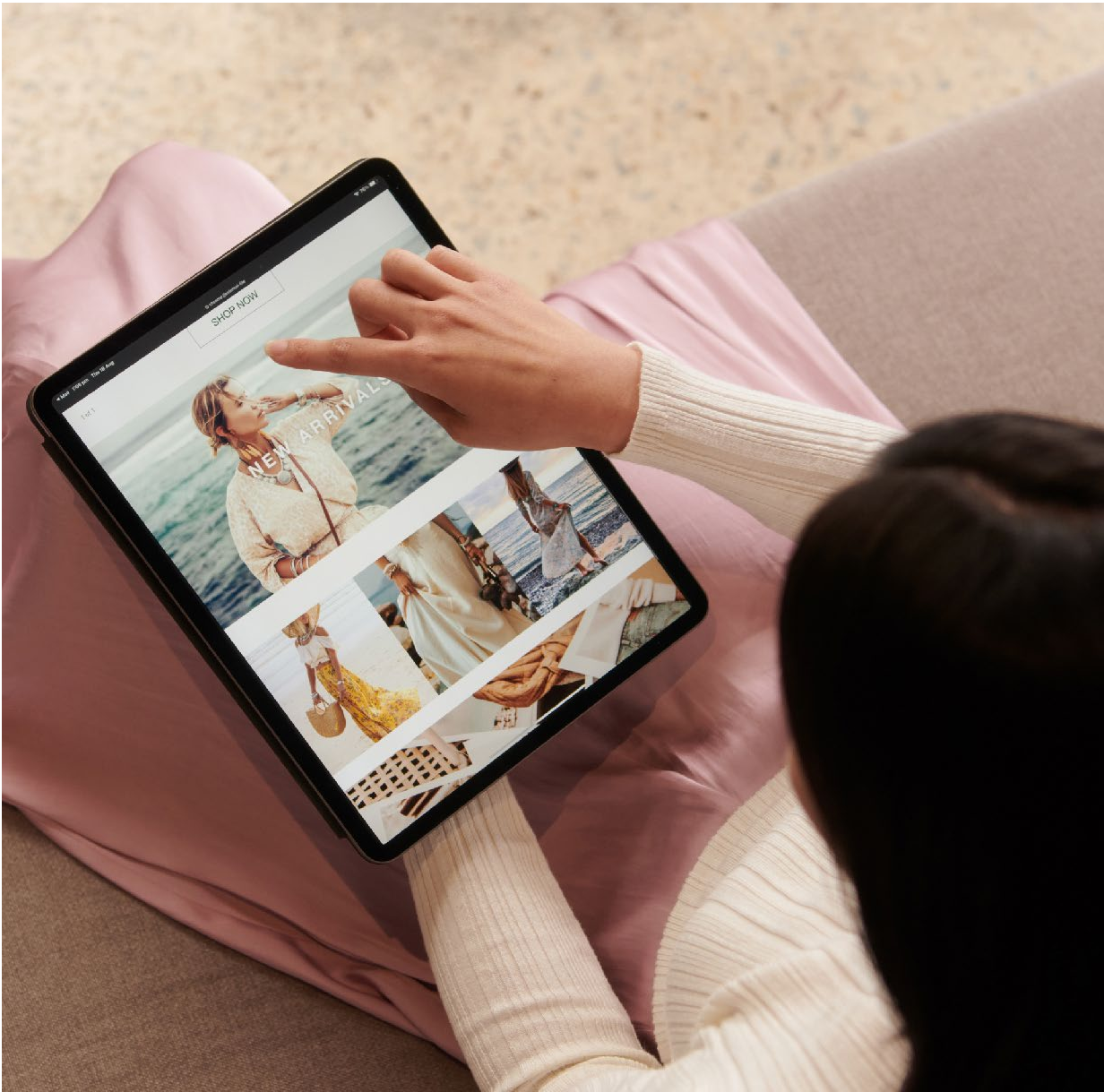
- + 3.7 million sqm leased over the 12 months, equating to \$484.4 million of annual property income¹
- + High occupancy at 99.0%¹

Region	Leasing area SQM	Net annual rent \$M	Average Lease term YEARS
Australia/ New Zealand	1,444	192.2	3.9
Asia	1,228	204.7	2.4
UK / Continental Europe	1,053	87.4	4.6
TOTAL	3,725	484.4	3.4

1. Partnership industrial and warehouse assets (excludes office properties which have been earmarked for redevelopment) and represents 97% of Partnership assets



CUSTOMERS



Top 20 global customers by net income – look through basis

CUSTOMER	NPI %
AMAZON	12.5
SAMSUNG ELECTRONICS AMERICA, INC.	2.7
DEUTSCHE POST (DHL)	1.8
A.P. MOLLER - MAERSK	1.7
VDC POWERBASE	1.5
EQUINIX	1.5
IRON MOUNTAIN	1.2
KUNCHI	1.1
BMW GROUP	1.0
KOCH	1.0
COLES GROUP	0.9
SF EXPRESS	0.9
GLOBAL EXPRESS	0.8
JD.COM	0.8
DB SCHENKER	0.8
DSV	0.7
AUSTRALIA POST	0.7
MAINFREIGHT	0.7
NOBLE HOUSE HOME FURNISHINGS	0.6
KUEHNE + NAGEL	0.6

DIRECT PORTFOLIO DETAIL



- + 25 properties with a total value of \$2.1¹ billion
- + Long-term strategic portfolio with potential for higher and better use, re-zoning and redevelopment
- + Leasing transactions remain strong across the portfolio
 - 106,549 sqm (\$15.4 million net annual rental) of existing space leased
- + 92.0% occupancy and a weighted average lease expiry of 7.8 years
- + Average portfolio valuation cap rate of 4.4%¹.

Key metrics¹

	1H 23
Total assets (\$B)	2.1
Customers	205
Number of properties	25
Occupancy (%)	92.0
Weighted average cap rate (%)	4.4 ¹

1. Stabilised properties

Goodman Business Park, Greater Tokyo, Japan



Lyons Park, Birmingham, United Kingdom

03

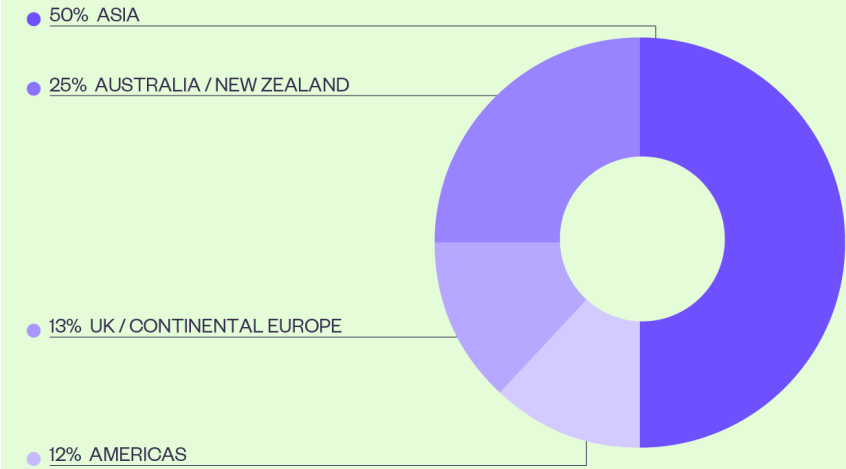
APPENDIX

DEVELOPMENT

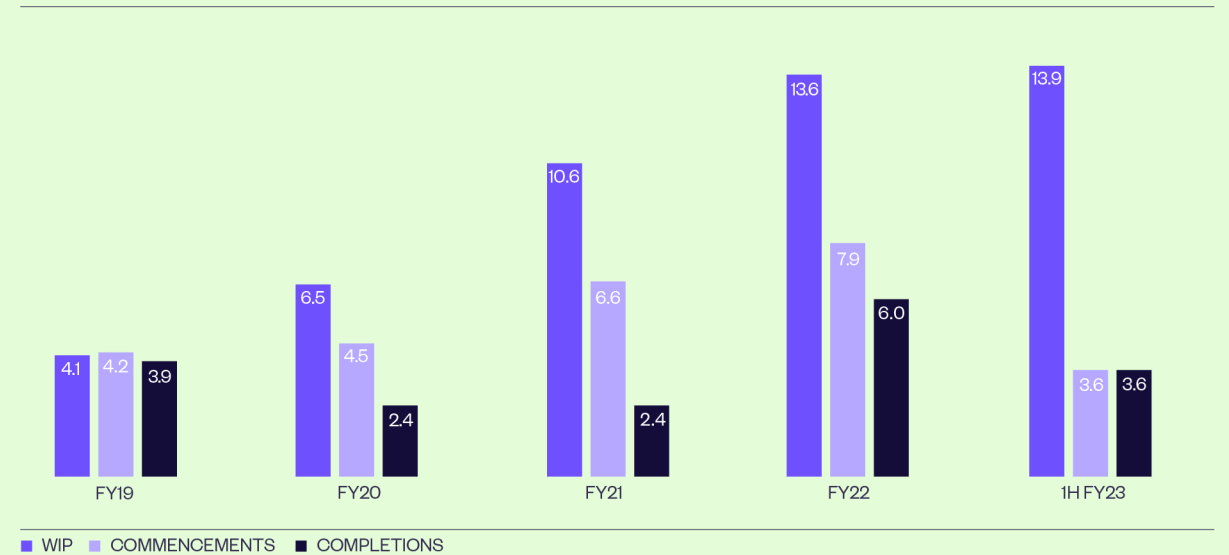
DEVELOPMENTS

As at 31 December 2022	Completions	Commencements	Work in progress
Value (\$B)	3.6	3.6	13.9
Area (m sqm)	0.6	0.7	3.9
Yield (%)	8.3	6.3	6.4
Committed (%)	100	81	68
Weighted average lease term (years)	12.5	15.7	14.0
Development for third parties or Partnerships (%)	80	68	83
Australia / New Zealand (%)	21	45	25
Asia (%)	40	33	50
Americas (%)	28	5	12
UK / Continental Europe (%)	11	17	13

WORK IN PROGRESS BY REGION



DEVELOPMENT VOLUME

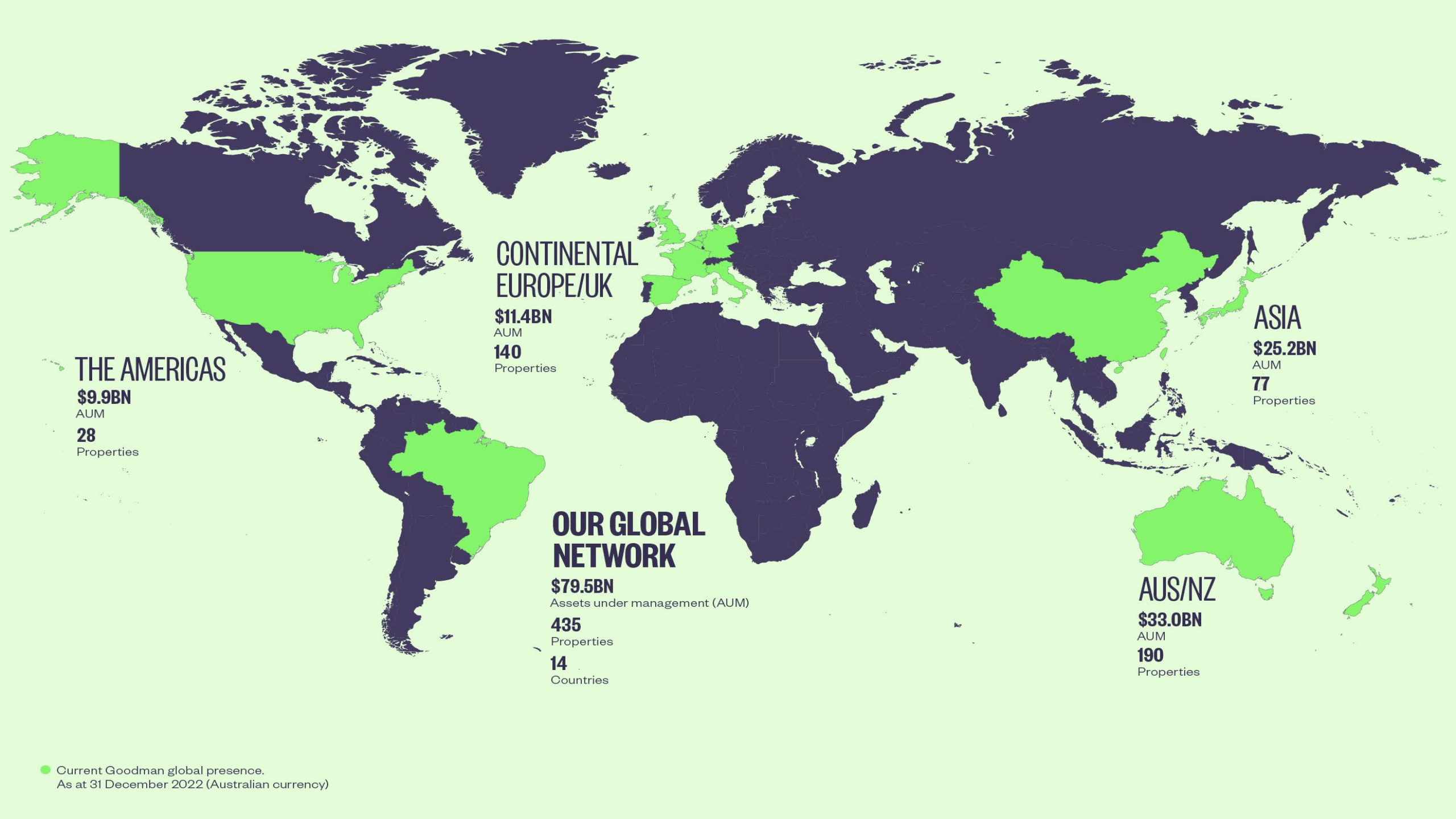




04

APPENDIX

MANAGEMENT



THE AMERICAS

\$9.9BN
AUM

28
Properties

CONTINENTAL EUROPE/UK

\$11.4BN
AUM

140
Properties

ASIA

\$25.2BN
AUM

77
Properties

OUR GLOBAL NETWORK

\$79.5BN
Assets under management (AUM)

435
Properties

14
Countries

AUS/NZ

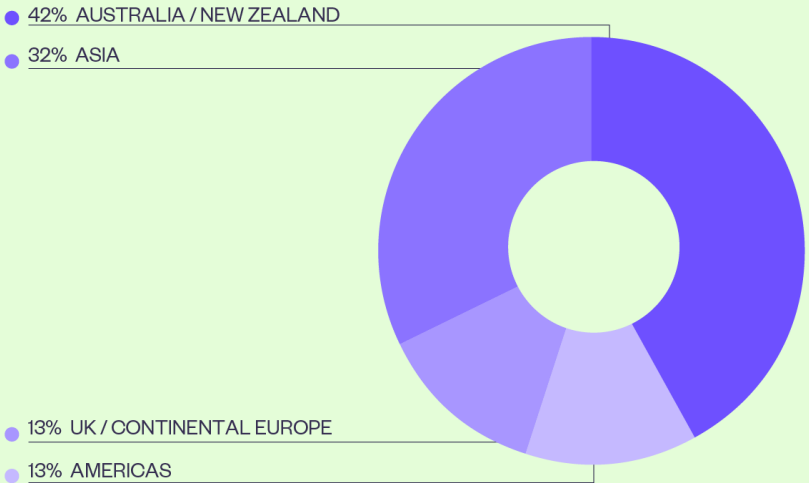
\$33.0BN
AUM

190
Properties

MANAGEMENT – AUM

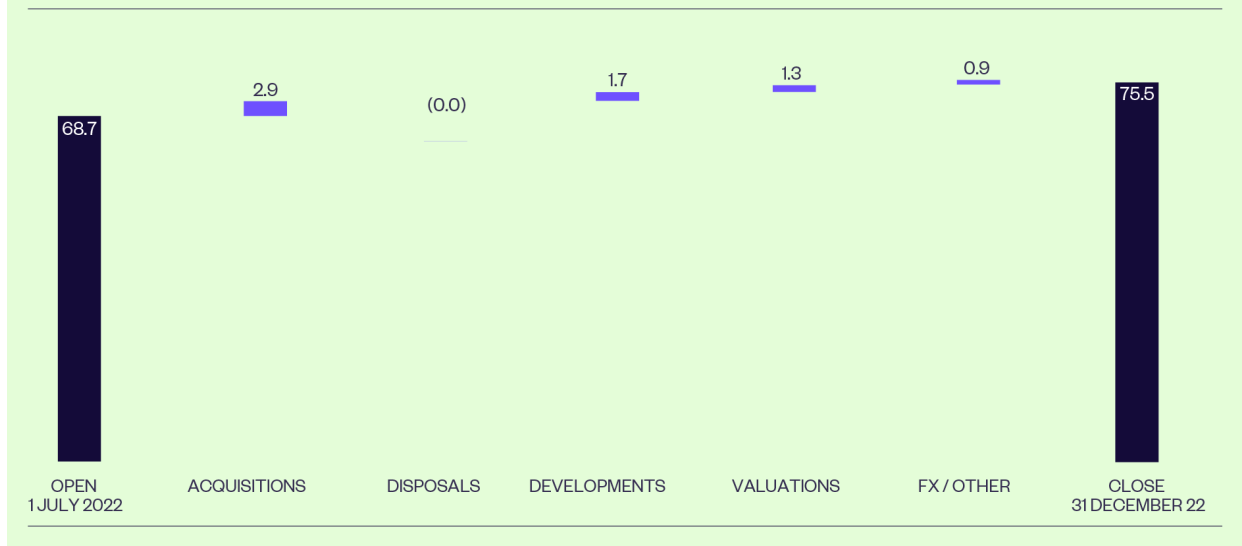
- + The majority of Goodman’s assets reside in Partnerships
 - The Group manages 18 Partnerships with 52 investors who are represented on the Boards and Investment Committees independent of Goodman
 - Goodman maintains a 28% average equity cornerstone position in the Partnerships to ensure alignment and exposure to a high quality globally diversified portfolio
 - Partnership average gearing is 17.5%
 - The average drawn and committed equity per partner is \$842 million (excluding GMT).

THIRD PARTY AUM BY REGION



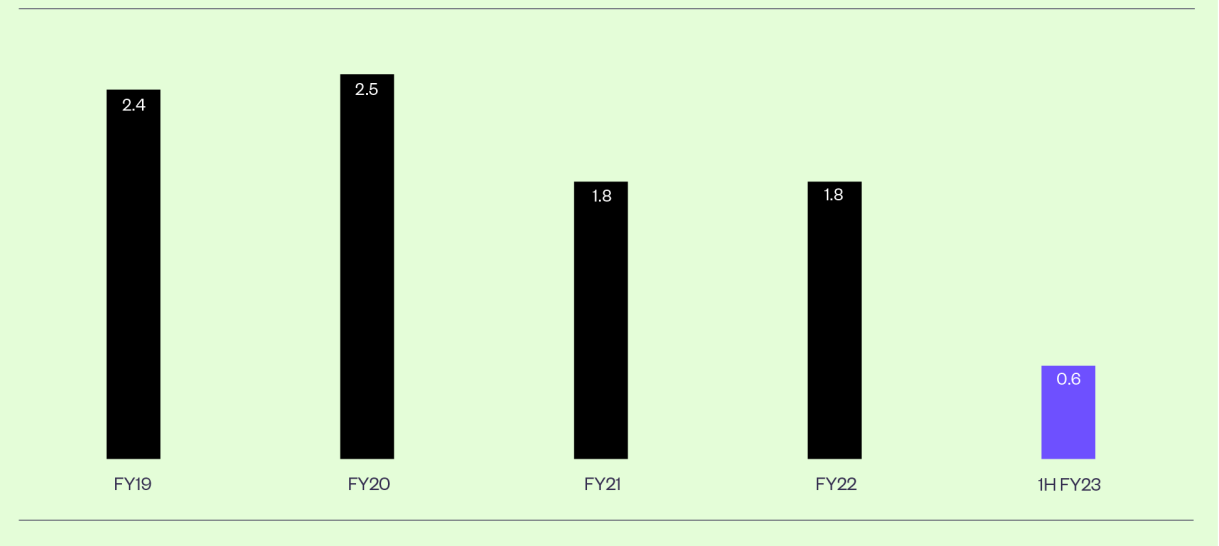
THIRD PARTY AUM BRIDGE

\$B



THIRD PARTY EQUITY RAISED WITHIN PARTNERSHIPS

\$B





05

APPENDIX

CAPITAL

CURRENCY MIX

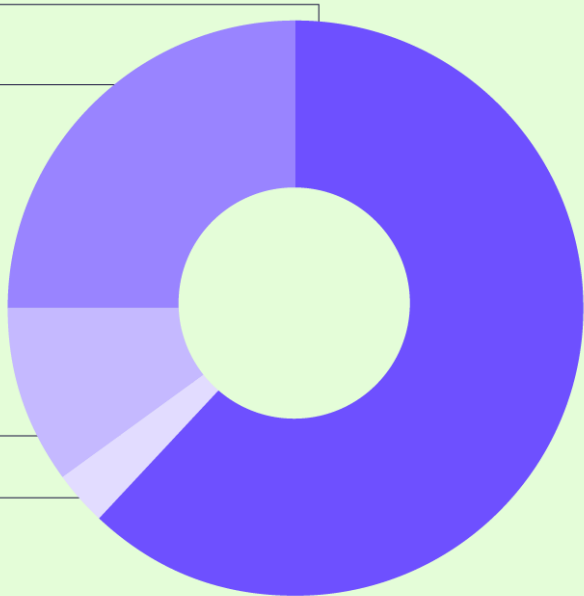
CURRENCY MIX – OUTSTANDING DEBT

62% USD

25% EUR

10% JPY

3% AUD



CURRENCY MIX – INCLUDING THE IMPACT OF CAPITAL HEDGING FX SWAPS

38% USD

23% EUR

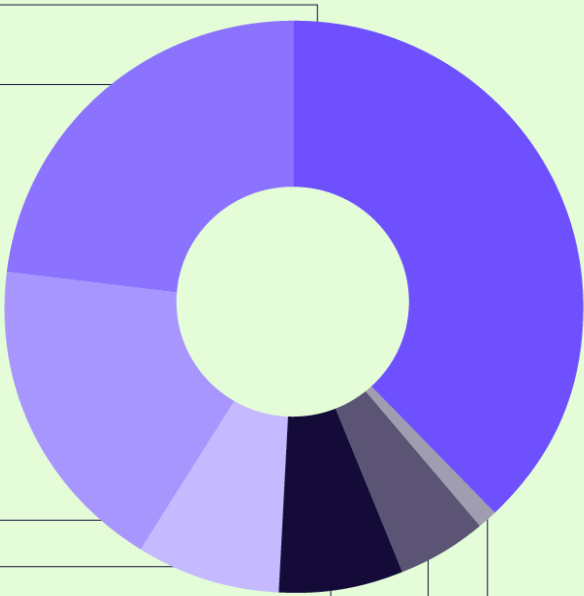
18% HKD

8% GBP

7% NZD

5% JPY

1% AUD



FINANCIAL RISK MANAGEMENT

The Group has a robust capital management framework

- + The Group has a robust capital management framework, under its Financial Risk Management (FRM) policy. This provides:
 - Stronger balance sheet which has been reflected in our credit ratings from S&P and Moody's BBB+ / Baa1 respectively
 - Covenants that are appropriate for our operations
 - Diversified sources of funding
 - Long-term debt sources to stabilise the funding base
- + The Group has been actively reducing financial leverage in the business:
 - Group target gearing range 0%–25%
 - Gearing level will be determined with reference to mix of earnings and ratios consistent with credit rating but expected to remain low
- + Interest risk management:
 - Policy to ensure between 60% and 100% of current year interest rates are fixed
 - 71% hedged over next 12 months, average 63% hedged over the next three years
 - Weighted average hedge maturity of 5.0 years
 - Weighted average hedge rate of 2.41%^{1,2,3}
- + Foreign currency risk management:
 - Policy to hedge between 65% and 90% of foreign currency denominated net assets
 - 74% hedged as at 31 December 2022, of which 39% is debt and liabilities and 61% is derivatives
 - Weighted average maturity of derivatives 3.6 years.

1. Includes the strike rate on interest rate cap hedges

2. Includes the €500 million bond at 1.375% fixed rate

3. Includes the US\$1,350 million bonds at 4.24% average fixed rate

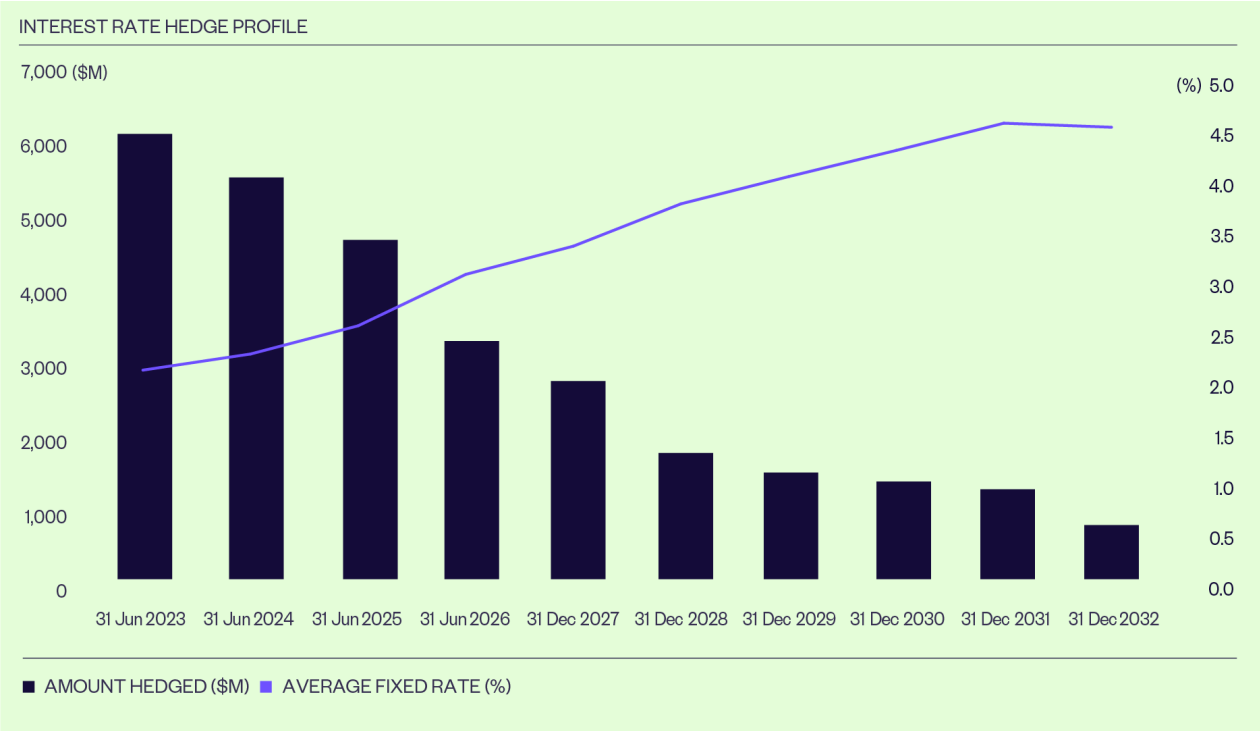


FINANCIAL RISK MANAGEMENT (CONT)

+ Interest rates are hedged to 71% over the next 12 months

- Weighted average hedge rate of 2.41%^{1,2,3}
- NZD – hedge rate 1.29%
- JPY – hedge rate 0.53%
- HKD – hedge rate 1.35%
- GBP – hedge rate 1.70%
- Euro – hedge rate 0.73%²
- USD – hedge rate 4.13%

+ Weighted average hedge maturity of 5.0 years.



1. Includes the strike rate on interest rate cap hedges
2. Includes the €500 million bond at 1.375% fixed rate
3. Includes the US\$1,350 million bond at 4.24% average fixed rate

FINANCIAL RISK MANAGEMENT (CONT)

Foreign currency denominated balance sheet hedging maturity profile

	Weighted average maturity	Weighted average exchange rate	Amount receivable ¹	Amount payable ¹
NZ\$	3.2 years	1.0775	A\$696.4m	NZ\$750.0m
HK\$	3.6 years	5.6869	A\$1,569.4m	HK\$8,840.0m
US\$	3.2 years	0.7221	A\$1,455.5m	US\$1,050.0m
¥	5.1 years	78.1791	A\$177.7m	¥14,000.0bn
€	4.4 years	0.6341	A\$1,460.8m	€925.0m
£	4.2 years	0.5468	A\$796.3m	£435.0m
CNY ²	3.5 years	7.8927	US\$539.6m	CNY4,258.6m

1. Floating rates apply for the payable and receivable legs for the cross currency swaps

2. Forward exchange contract, net settled in USD.

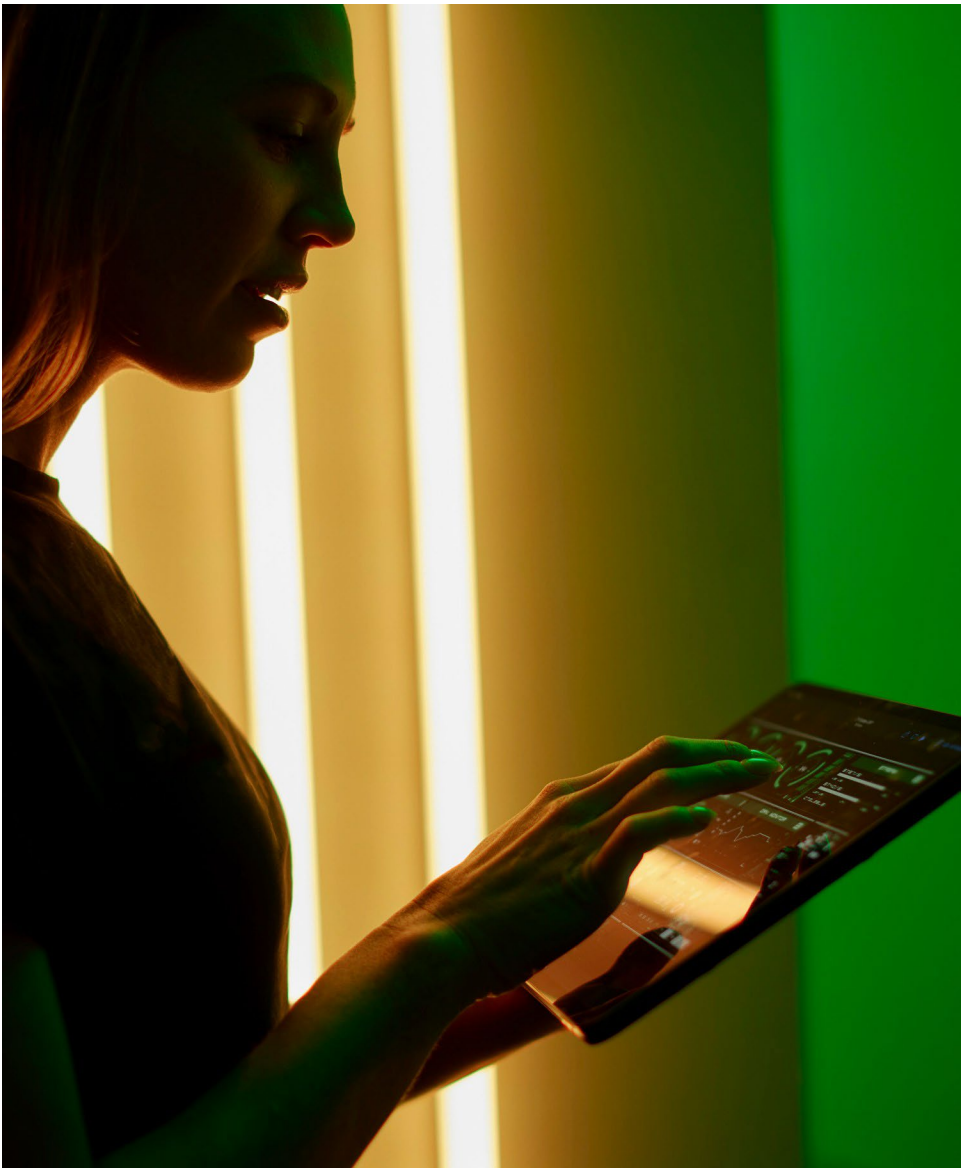
EXCHANGE RATES

Statement of financial position – exchange rates as at 31 December 2022

Currency	Exchange rate
AUDGBP – 0.5634	(30 June 2022: 0.5676)
AUDEUR – 0.6366	(30 June 2022: 0.6594)
AUDHKD – 5.3176	(30 June 2022: 5.4241)
AUDBRL – 3.6040	(30 June 2022: 3.5905)
AUDNZD – 1.0732	(30 June 2022: 1.1057)
AUDUSD – 0.6813	(30 June 2022: 0.6912)
AUDJPY – 89.371	(30 June 2022: 93.777)
AUDCNY – 4.6686	(30 June 2022: 4.6154)

Statement of financial performance – average exchange rates for the 6 months to 31 December 2022

Currency	Exchange rate
+ AUDGBP – 0.5703	(30 June 2022: 0.5456)
+ AUDEUR – 0.6611	(30 June 2022: 0.6442)
+ AUDHKD – 5.2523	(30 June 2022: 5.6626)
+ AUDBRL – 3.5197	(30 June 2022: 3.8037)
+ AUDNZD – 1.1022	(30 June 2022: 1.0667)
+ AUDUSD – 0.6703	(30 June 2022: 0.7255)
+ AUDJPY – 93.6198	(30 June 2022: 85.1512)
+ AUDCNY – 4.6771	(30 June 2022: 4.6840)



THANK YOU



For more information visit

[goodman.com](https://www.goodman.com)



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